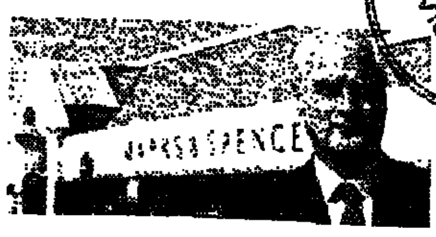
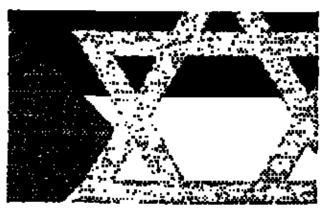


Tips from the top

How to conduct a board meeting

Sir Richard Greenbury of Marks and Spencer opens a new management series, Page 12



Middle East

The Israel-PLO deal: what happens next

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Henry Kaufman

How the small investor makes markets volatile

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FINANCIAL TIMES

Europe's Business Newspaper MONDAY SEPTEMBER 13 1993 D8523A

California tax law likely to appease foreign companies

Californian tax legislation passed at the weekend is expected to end the threat of British action against Californian-based companies operating in the UK. The new law is thought to remove the main remaining objections of foreign-owned companies to the state's tax system, which they argue has discriminated against them, and allow them to choose an alternative system of assessment known as "water's edge".

California's unitary system taxes a company on a percentage of its worldwide income, rather than on income earned in the state, and can lead to foreign companies being taxed twice on the same income. Page 16

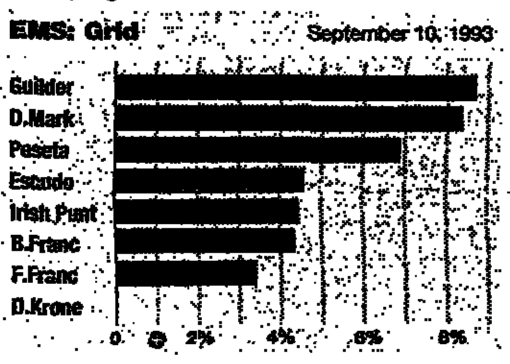
German coalition in dispute: The stability of Germany's ruling coalition was threatened after a dispute over who pays for the latest addition to the country's generous social security system – nursing care for the elderly and handicapped. Page 16; Parties find their candidates, Page 3

Nato plans Bosnia peace force: Nato is developing a plan to send about 50,000 peacekeeping troops to Bosnia, up to half of them Americans, if agreement is reached to end the civil war, US defence secretary Les Aspin said. Page 5

Victory for Left expected in Norway: Norwegians today vote in a general election which is expected to see the ruling Labour party led by Gro Harlem Brundtland re-elected. Page 16; Out in the cold on a hot debate, Page 14

European Monetary System: The exchange rate mechanism grid looks more relaxed at the start of the week, despite the pressure on the non-D-Mark currencies that followed last week's wave of interest rate cuts. Some 8.72 percentage points divide the strongest currency, the Dutch guilder, from the weakest, the Danish krone. That is just over half the 15 percentage point divergence allowed by the new bands. The Belgian franc recovered sharply against the D-Mark on Friday, and has leapfrogged the French franc into third place from bottom. Currencies, Page 29; Lex, Page 16

EMS: Grid September 10, 1993



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. After the reform of the exchange rate mechanism on August 2, 1993, one member currency can rise against another by as much as 15 percentage points in the system's grid. The exception is the divergence between the D-Mark and the Dutch guilder, which remain tied to each other in a 2.25 per cent band.

Tokyo draws up emergency package: The new Japanese government is expected on Thursday to unveil an emergency economic stimulation package worth up to Y5,000bn ($47bn), the second such package this year. A Y13,200bn public spending plan was adopted by the former LDP government in April. Page 6

British Steel may pull out of a plan to restructure the EC steel industry unless the European Commission takes tougher action to curb state subsidies. Page 17; Lex, Page 16

EC bank deposits deal: EC finance ministers are ready to override German objections and agree a new Community-wide bank deposit guarantee scheme, which would raise the level of minimum protection to Ecu20,000 ($23,600) and would allow similar arrangements to raise cover for investors in stocks and shares. Page 4

Ontario Hydro, one of North America's biggest power utilities, is preparing for a partial privatisation; the Toronto-based utility currently relies entirely on debt financing, and has amassed borrowings of more than C$34bn ($26bn). Page 17

India to lift S Africa sanctions: India, a founder of the international anti-apartheid movement, will lift trade sanctions against South Africa this month and may establish diplomatic ties with Pretoria soon, said a government minister.

OMV, troubled Austrian integrated oil and chemicals group, reported a first-half operating loss of Sch552m ($49m) after a loss of Sch584m year on year. Page 20

St Petersburg bank venture: Dresdner Bank and Banque Nationale de Paris have opened a *joint subsidiary* in St Petersburg in the first inauguration of a bank wholly-owned by foreigners in Russia since 1917. Page 20

Peregrine Investments, Hong Kong-listed pan-Asian securities business, has been disciplined by the colony's stock market regulators for misconduct concerning three flotations handled by the company. Page 20

Banker faces bribe charges: Ewan Launder, the former head of Hongkong and Shanghai Banking's merchant banking arm, Wardley, who was arrested on Friday in the UK in connection with the collapse of the Carrian empire in 1983, is facing extradition to Hong Kong on charges of accepting HK$45m £3.8m ($5.85m) in personal bribes from Carrian group companies. Page 6

Austria	Sch30	Germany	DM3.30	Malta	Lm0.60	S.Arabia	SR11
Bahrain	Din1.250	Greece	Dr300	Morocco	MDh13	Singapore	S$4.10
Belgium	BFr65	Hungary	Ft185	Neth	Fl 3.75	Slovak Rp	KSL45
Bulgaria	Lw25.00	Iceland	IKr215	Nigeria	Naira45	Slovenia	SLT220
Croatia	HRD5700	India	Rs40	Norway	NKr16.00	South Africa	R12.00
Cyprus	C£1.00	Israel	Shk5.90	Oman	OR1.50	Spain	Pta210
Czech Rp	CZK45	Italy	L2700	Pakistan	Rs35	Sweden	SKr15
Denmark	DKr15	Jordan	JD1.50	Philippines	Pso45	Switz	SFr3.20
Egypt	E£4.50	Kuwait	Fils.600	Poland	Zl 22,000	Syria	S£50.00
Finland	FM12	Lebanon	US$1.25	Portugal	Es215	Tunisia	Din1.250
France	FFr9.00	Lux	LFr65	Qatar	QR12.00	Turkey	L8000
						UAE	Dh11.00

Palestinians step up action as Arafat and Rabin fly to sign historic pact

Israel and Gaza hit by clashes over peace deal

By Julian Ozanne in the Gaza Strip

- Fundamentalist threat Page 2
- Now the hard part Page 15

BLOODY clashes erupted in the Gaza Strip and Israel yesterday as Palestinians opposing the historic peace agreement, due to be signed today in Washington, stepped up their violent protests.

At least eight people died as one of the worst days of Arab-Israeli clashes in recent years attended the departure of Mr Yitzhak Rabin, Israel's prime minister, and Mr Yassir Arafat, the Palestine Liberation Organisation leader, who flew to the US to witness the signing of an historic Israeli-Palestinian peace agreement.

The violence has exposed the deep divisions within the Palestinian community over the deal, which may threaten the stability of the peace process.

The disturbances, fuelled by Islamic fundamentalism, reflect the widening rift among Palestinians over the agreement inside the occupied territories and within the PLO itself.

Hours before Mr Rabin left Jerusalem, three Israeli soldiers were shot dead in Gaza by Islamic fundamentalists opposed to peace with Israel. The military wing of Hamas, the Islamic Resistance Movement, which has vowed to keep up the armed struggle against "Zionists", claimed responsibility for the ambush on an army jeep, in which the attackers made off *with two rifles.*

Scores of heavily armed border police and soldiers barricaded roads and sealed off areas of Gaza city yesterday during a fruitless hunt for the killers.

In other incidents in Gaza, three rejectionist Arabs were killed, bringing the weekend Palestinian death toll to at least five after emotional demonstrations across the territories in favour as well as against the peace deal.

In Israel, an Arab stabbed to death an Israeli bus driver and was then shot dead by a soldier on a bus travelling between Ashdod and Ashkelon.

Unrest in the territories has been ignited by angry denunciations from Palestinian factions abroad and by resignations from the PLO.

Ten Damascus-based Palestinian factions, including the Popular Front for the Liberation of Palestine and the leftist Democratic Front for the Liberation of Palestine, have vowed to sabotage the accord. Iranian-backed fundamentalist groups in the territories and in Lebanon have joined secular political organisations in denouncing the agreement and trying to forge a broad front against it.

The opposition has, however, pledged not battle against Palestinians but to intensify the onslaught against Israelis and Jewish settlers.

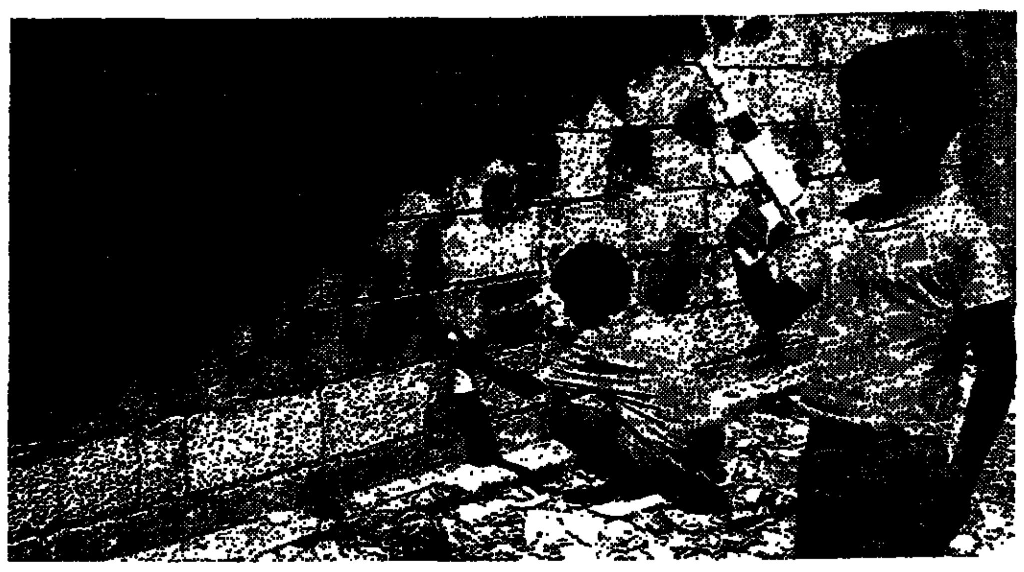
In Ramallah, on the west Bank, Israeli soldiers shot dead two PFLP supporters.

Rejectionist Palestinians say the peace agreement falls far short of Palestinian demands for an independent state, control over occupied Arab east Jerusalem and the right of return of thousands of Palestinians exiled during the 46-year Arab-Israeli conflict. They have called for a general strike throughout the occupied territories today to protest against the signing.

In southern Lebanon, a bomb exploded in near an Israeli army patrol, prompting an Israeli armoured force to sweep the valley and nearby hills with machine gun fire.

As he left north Africa, Mr Arafat's moderate Fatah group was under severe criticism from hard-line Arab groups, but he defended the accord as a step on the road to the establishment of a Palestinian state.

Mr Arafat, speaking as he boarded a flight to Washington, a city he has never visited, said: "It is a historical, very important moment, and it is a step on the right road leading to a Palestinian state.



Associated Press

Palestinian children with spray cans and toy guns express violent sentiments in Sidon, Lebanon

Reuters

Yassir Arafat leaves Tunis for Washington to sign the peace deal

Signing of brief document may end years of conflict

By Mark Nicholson in Washington

At 11am today in Washington, a brief document, to be signed by two old enemies on the south lawn of the White House is intended to mark the end to one of the 20th century's most bitter territorial conflicts.

After 18 months of secret negotiations in isolated farmhouses in Norway, an audience of 2,500 distinguished guests will be on hand to witness Mr Shimon Peres, the Israeli foreign minister, and Mr Abu Mazen, a senior Palestine Liberation Organisation official, put their names to the outline Israeli-Palestinian peace agreement.

The signing will be witnessed by Mr Yassir Arafat, chairman of the PLO, who flew into Washington last night for the first time since 1974, and his old foe Mr Yitzhak Rabin, the Israeli prime minister, who was due to arrive early this morning.

It will cap an extraordinary two weeks which began when Israel and the PLO took the world by surprise by announcing they were on the the verge of an agreement on mutual recognition and limited Palestinian autonomy.

In the following days momentum behind the agreement grew. Mr Rabin faced down opposition from the Israeli right wing, while last week Mr Arafat won the support of the PLO's executive council. On Friday the two leaders exchanged letters to seal the recognition agreement

Continued on Page 16

News Corp sells Hong Kong newspaper stake for $349m

By Simon Davies in Hong Kong

MR Rupert Murdoch's News Corporation yesterday finalised a long-awaited agreement to sell 34.9 per cent of the South China Morning Post, Hong Kong's main English-language newspaper, to Mr Robert Kuok, the Malaysian-born billionaire.

The deal – valued at $349m (£226.6m) – places one of Hong Kong's leading newspaper groups in the hands of an influential Asian businessman who is well known for his pro-China sympathies.

Mr Stephen Brown, director of HG Asia, one of the biggest local stockbrokers, said: "I cannot read anything but politics, and the big hand of Beijing, in this deal." Mr Kuok has no previous experience of investment in newspapers.

There is little doubt in Hong Kong the Chinese government will be pleased to see a corporate ally taking effective control of what is arguably Hong Kong's most influential newspaper.

The SCMP shares are being sold at about HK$5.18 (£0.44) a share, against the last traded price of HK$5.35. Mr Murdoch will retain a 15.1 per cent stake in the newspaper.

SCMP is Hong Kong's oldest remaining newspaper and is one of the most profitable newspapers in the world. News Corp purchased the company in 1987; assuming the remaining 15 per cent is sold at current prices, Mr Murdoch will have made more than HK$5bn profit from a HK$2.4bn investment.

The capital raised from the latest sale will cover 66 per cent of the acquisition cost of Hong Kong-based satellite broadcaster Star TV, purchased by Mr Murdoch in July for US$525m.

In Hong Kong, the two transactions are widely interpreted as showing a switch in Mr Murdoch's focus from print to electronic media.

The purchasing company is Kerry Media, an associate of Mr Kuok's Hong Kong flagship company Kerry Group; the remainder of Kerry Media is owned by other Kuok-controlled companies. By buying a stake below 35 per cent, Mr Kuok avoids having to make a general offer for the company.

It had been expected that there would be some Singaporean involvement in the deal. Straits Press and United Overseas Bank already own 14 per cent of SCMP and any further purchases in concert with Mr Kuok would have triggered an offer for the entire company.

This will raise expectations that Straits Press may acquire part of Mr Murdoch's remaining interest in the company.

The Singaporean newspaper publisher is anxious to build up its regional publishing interests and would be a useful partner for Mr Kuok, given his lack of media expertise.

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EC envoy to test US stance on trade talks

By Lionel Barber in Bilzen and David Buchan in Paris

SIR LEON BRITTAN, the EC's chief trade negotiator, will today test whether the Clinton administration can offer new flexibility in the Gatt talks amid signs that the French campaign to re-examine the Blair House farm trade accord is making headway.

European Community foreign ministers are hoping Sir Leon can persuade his US counterparts to allow "clarification" of certain aspects of the Blair House agreement, while avoiding a formal renegotiation.

The delicate task of mollifying France while avoiding a further political crisis within the Community dominated two days of informal talks in Bilzen, east Belgium, which ended yesterday.

Mr Jacques Delors, president of the European Commission, said France had "psychological" difficulties with Blair House. He described French threats to veto the draft US-EC farm trade accord as "deadly serious".

Mr Douglas Hurd, UK foreign secretary,
said plans for an EC summit on October 29 to celebrate ratification of the Maastricht treaty might fail if the Community did not resolve internal disputes over the farm trade accord.

Sir Leon, who attended the Saturday session, will meet Mr Lloyd Bentsen, US treasury secretary, and Mr Ron Brown, commerce secretary, on his US tour. His most important talks are scheduled tomorrow, when he holds a one-to-one session with Mr Mickey Kantor, US trade representative.

Brussels officials said Sir Leon faced the tricky task of impressing on Mr Kantor the mutual EC/US interest in securing a Gatt deal, while also exploring whether the administration might be willing to risk the wrath of US farmers and Congress by offering some concessions to the French on Blair House.

Mr Alain Juppé, French foreign minister, suggested that Sir Leon should explore whether there is room for manoeuvre on the 21 per cent reduction in the volume of subsidised exports, primarily by subtracting humanitarian

Continued on Page 16

Hamas and other groups will lead Palestinian objections to Arafat's deal with Israel

Fundamentalists from the shanty towns

By Julian Ozanne in the occupied Gaza Strip

A SEA of bobbing girls wearing white embroidered Jahabs – Islamic head scarves – pours into the pot-holed, sewage-ridden streets of Khan Younis, a dirty shanty town in the Gaza Strip. In the midday heat, beneath their blue and white striped uniforms, the schoolgirls wear dark trousers down to their ankles.

They are the only picturesque sight in the dreary and impoverished town, a stronghold of Islamic fundamentalist groups such as Hamas and Islamic Jihad which reject peace with Israel and could violently threaten the peace agreement to be signed in Washington today.

Although it is impossible to estimate accurately their strength, experts say Islamic fundamentalists and supporters of other Palestinian organisations which reject the agreement command support among about 40 per cent of Gaza's 780,000 residents. Their support in the West Bank is estimated at 20-25 per cent.

Their emotional nationalistic rhetoric, appeal to Islamic conviction and considerable potential for violence present the Palestine Liberation Organisation, poised to take control of Gaza, with a formidable challenge. Much will depend on how the PLO and, more important, Mr Yassir Arafat's Fatah faction deal with the rejections on assuming power. Any crackdown on Islamic fundamentalist dissent will raise the prospect of serious inter-Palestinian conflict.

Graffiti staining almost all the walls of Khan Younis proclaims solidarity with the martyrs of the pro-Iranian Hizbollah guerrilla movement in Lebanon and claims credit for the deaths of Israeli soldiers in the occupied territories.

The residents of Khan Younis are also proud that theirs is the home town of Mr Abdul Aziz al-Rantisi, the leader of the 415 Islamic activists deported by Israel to Lebanon last December.

Over the years Gaza has become a deeply Islamic society. It is extremely rare to see a woman in the street who is not covered head to toe. Alcohol is strictly prohibited. Smoking in public is frowned on. Most Gazans say they are proud to live a life based on the strict principles of the Koran.

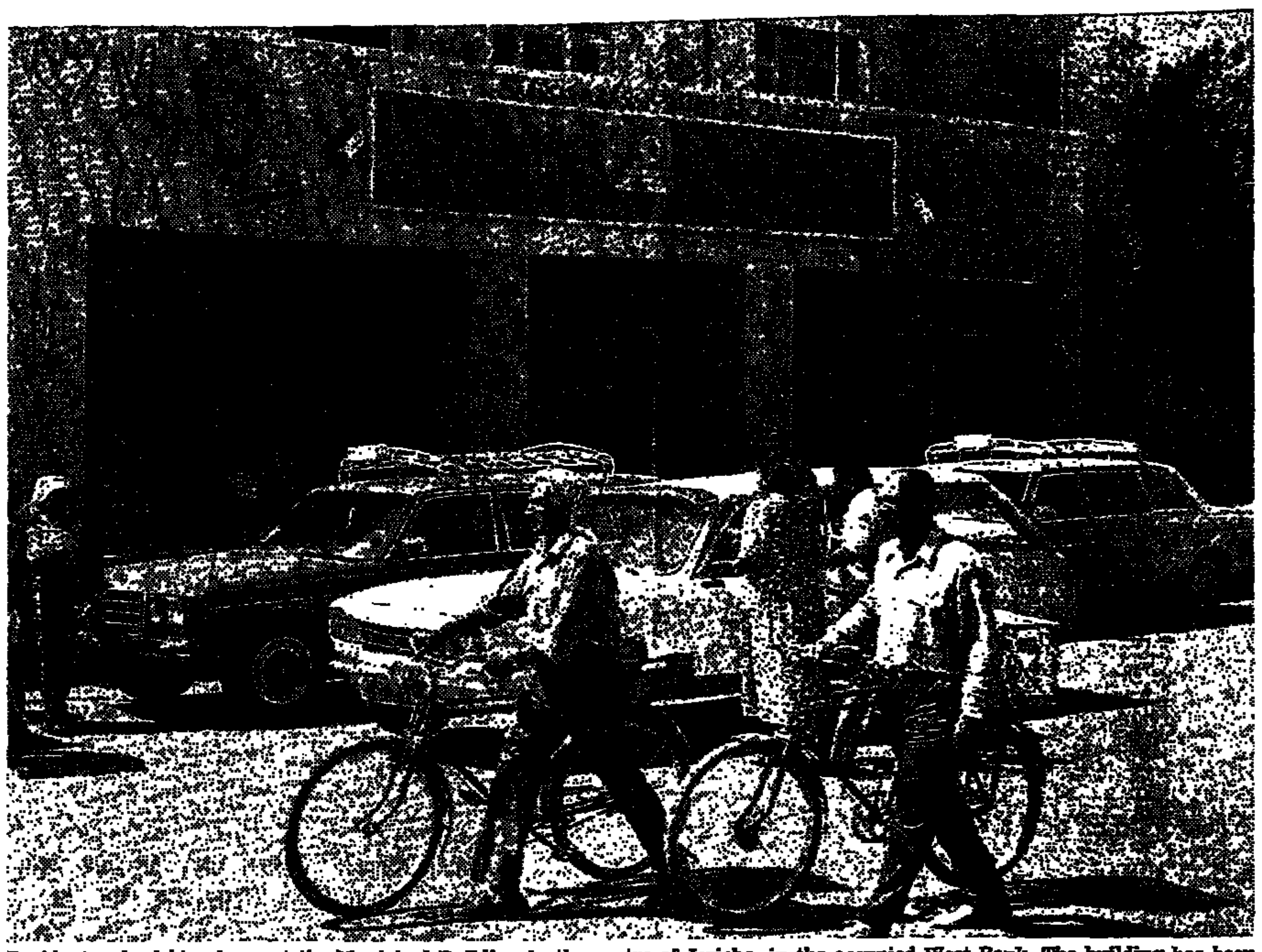
Of all the "rejectionist groups" opposed to the peace agreement, the strongest is the Islamic Resistance Movement, known as Hamas, an acronym which literally means zeal. Az a-Din al-Kassam, Hamas' poorly equipped military wing, is named after a Palestinian martyr who launched a Jihad – holy war – against British imperialism and Jewish settlement in Palestine in the 1930s.

Hamas' charter calls for the annihilation of the Jewish state by armed struggle, the liberation of the entire Islamic lands of Palestine and the establishment of an Islamic state based on Sharia Koranic law.

Since the announcement of the peace agreement Hamas, a secretive underground organisation, has strongly condemned the accord, saying it falls far short of Palestinian demands for statehood, a right of return for Palestinian refugees and control over occupied Arab East Jerusalem – site of the Dome of the Rock mosque, Islam's third holiest shrine. Their leaflets accuse Mr Arafat of "conniving with the Zionist enemy in a conspiracy" against the Palestinian people. They have mounted demonstrations across the West Bank and Gaza Strip but so far they have ruled out violence against the PLO or the possibility of civil war.

"The youth want to fight but it is not the policy of Hamas," says a lecturer at the Islamic University of Gaza. "There will not be a civil war among Palestinian because for now we accept dialogue and democracy. The leadership will make the decisions according to Sharia and the soldiers of Hamas will follow instructions."

Hamas is waiting to see how the agreement will be implemented and received. The Islamic Jihad movement in Palestine, closely aligned to Hamas, has gone further. Mr Fatehi Shukaki, its exiled commander, said last week the accord was "against the Koran, against Islamic law... We will continue our struggle through *intifada* [Palestinian uprising], through armed struggle and through other means." Other rejectionist groups have called for Mr Arafat's head.



Residents wheel bicycles past the Municipal Building in the centre of Jericho, in the occupied West Bank. The building has been decorated with pictures of Palestine Liberation Organisation leader Yassir Arafat. Associated Press

Hamas has been growing in strength over the past decade – thriving in Gaza's impoverished refugee camps and among youths discontented with corruption in the PLO exiled leadership and with lack of progress in the peace talks. At first the organisation was tolerated by Israel as a counterweight to Fatah, but was later banned and went underground.

It has drawn its greatest support from a programme of Islamic education and welfare run by its social wing, the Islamic Society. This distributes arms to the poor and runs nine kindergartens.

Children learn reading, writing and Islam. Behind the school is an Islamic court, equipped with a wooden gavel, where a panel of Islamic scholars, lawyers and community leaders hear and resolve family problems and disputes over inheritance and commerce.

Despite Hamas' welfare programme Fatah has kept political control, winning large majorities in elections to professional associations. The only body controlled by Hamas is the Islamic University association.

Many Hamas leaders know they have a lot to lose by confronting Fatah. Without a strong Arab country behind them, it would be difficult to mount a united challenge. They are also strongly wedded to the democratic principles embedded in many Islamic fundamentalist movements.

Mr Abdul-Rahman Hamad, one of the most senior Fatah leaders in Gaza, says: "We will not use force against Hamas and they will either lose their support or participate in elections, which means they accept the agreement."

If Mr Hamad is right Hamas, like the Moslem brotherhood in Egypt, could emerge as an acceptable political party. However, if Fatah hardliners pursue threats to repress Hamas, a violent backlash will be inevitable.

"If Fatah decides to act like the Algerian regime and suppress dissent there will be violent conflict," says Mr Martin Klaimer, an expert on Islamic fundamentalism at Tel Aviv University. "But the conditions are not there for full-scale civil war. It will more likely take the form of clashes and assassinations."

Hospitals fill up as protests hit the streets

Tony Walker is among the wounded in fighting at Ramallah

The scene in the emergency ward of Ramallah Hospital was like the worst days of the *intifada*, the Palestinian uprising against Israeli rule over the occupied West Bank and Gaza Strip.

Doctors and nurses worked feverishly to save the lives of badly-wounded Palestinians, some of whom had been shot in the abdomen, in the chest, and in the head.

The floor of the casualty station, all of whose beds and stretchers were occupied, was awash with blood from those shot by Israeli soldiers seeking to control demonstrations that had turned the centre of the Arab West Bank town into a war zone. At least two Palestinians died yesterday and scores were injured.

A day after Israel and the Palestine Liberation Organisation agreed mutual recognition, the mood on the streets of Ramallah, other West Bank towns and in the Gaza Strip was far from peaceful.

In Ramallah, on a sunny day, Palestinians associated with the Islamic fundamentalist Hamas and the militant Popular Front for the Liberation of Palestine fought pitched battles with tough Israeli border police in streets scarred by nearly six years of conflict since the *intifada* erupted in December 1987.

The militant Palestinians also clashed in Ramallah and other places with loyalists of Mr Yassir Arafat, the PLO leader, who is under threat of assassination after his momentous decision to conclude a peace deal with Israel.

The Ramallah disturbances, in which youths threw rocks and broken bottles, were one of the bloodiest demonstration on a day of violence in areas where militants have their strongholds.

The violence was a warning of the enormous difficulties ahead in efforts to convert agreements on paper into reality on the ground.

Opposition to the peace accord burns fiercely in the hearts of many Palestinians, no less than it does among Israelis of the right and the militant settler movement.

My own experience in Ramallah, when I was shot in the leg by what I believe was a ricocheting live bullet fired by an Israeli soldier into a crowd of Palestinian demonstrators, was a reminder of the sheer unpredictability of events in the Middle East.

I had travelled from Jerusalem into the West Bank to sample opinion among influential Palestinians, and on my way back to my hotel I had stopped almost on a whim to observe the Ramallah demonstrations, which were following a pattern familiar to those of us who had reported the *intifada* from its earliest days.

Palestinian youths, some with their heads swathed in keffiyehs, were throwing rocks towards Israeli soldiers, clad in riot gear and armed with rifles and tear-gas launchers.

Suddenly, without warning, there was a fusillade of shots and observers of the scene rushed for cover. It was at that moment that I felt a thud in my leg, much as if I had been kicked by a mule.

Fortuitously, two young Palestinians, noticing my plight, helped me into the back seat of a passing taxi which headed through narrow, crowded streets of the old Arab town towards a nearby hospital.

At the Ramallah Hospital, where I had gone several times before as an observer during the early days of the *intifada*, I was greeted by chaotic scenes as cars and ambulances disgorged the wounded into a tiny casualty station, filled to overflowing.

While there, I saw at least one dead Palestinian carted away from the emergency ward with mourning friends and relatives chanting "Allahu Akhbar, Allahu Akhbar" – "God is great, God is great".

My experience on Saturday was but a microcosm of what has been happening in the West Bank and Gaza Strip for nearly six years, and looks set to continue for the moment until things settle down if they ever do.

Timetable for the peace process

September 13: Declaration of Principles (DOP) signed in Washington.

□ October 13: DOP comes into force. Joint Israeli-Palestinian Liaison Committee formed to implement the DOP.

□ By December 13: Israel and Palestinians agree protocol on withdrawal of Israeli forces from Gaza Strip and Jericho. Israel immediately begins accelerated military withdrawal.

□ By April 13 1994: Israel will complete military withdrawal from Gaza and Jericho. Israel immediately transfers powers to nominated Palestinian authority. Countdown of the five-year period of interim self-government to a permanent settlement begins.

□ By July 13 1994: Palestinian elections, which are to be followed by inauguration of a Palestinian Council and the dissolution of Israeli military-run civil administration in the occupied territories.

□ By February 13 1996: Israel and Palestinians commence negotiations on permanent settlement.

□ By February 13 1999: Permanent settlement comes into force.

PLO riven by most serious split yet

Opposition groups are seeking to thwart the accord, writes Lamis Andoni

ON THE EVE of the signing of a historic accord with Israel, the Palestine Liberation Organisation is suffering from the most serious split since its inception.

Opposition to the agreement with Israel is mounting, both inside and outside the PLO.

The opposition, which now includes more than 10 groups ranging from the Islamic resistance movement, Hamas, to the leftist, Democratic Front for the Liberation of Palestine DFLP and the Popular Front of Palestine (PFLP), is seeking to form a broad alliance to thwart the accord.

The opposition has, however, pledged not to resort to violence against the future Palestinian autonomy authority, although it has not decided yet if it should form an alternative organisation challenging the legitimacy of the PLO.

Over the last three weeks Mr Mohammed Darish, an independent, Shafiq al Hoot, PLO representative in Lebanon, Abdullah Hourani, an independent, Taysir Khaled of the DFLP, and Abdul Rahmin-Malloul of the PFLP have resigned from the PLO executive committee as demonstrations against Mr Arafat continued in the refugee camps in Jordan and Lebanon.

As a result of the resignations the 18-member PLO executive committee is now mainly confined to Fatah, the mainstream movement led by Mr Arafat, and the Palestine People's party (the former communists), a group that has sizeable influence in the Israeli occupied West Bank and the Gaza Strip.

But even Fatah, which remains dominant inside and outside the occupied territories, has been inflicted by divisions over peace with Israel. Three of the co-founders of the movement, including the PLO foreign minister Farouk Al Kadoumi, who has historically been closer to the left, and the two brothers Khaled and Hani Al Hassan, who are ideologically associated with the right, have publicly contested the terms of Mr Arafat's agreement with Israel.

PLO executive committee member Suleiman Najab, who voted in favour of the peace agreement last week, said yesterday he saw no need to rush into signing it in Washington, as Mr Arafat has done.

"We should first secure Arab agreement and backing through an emergency summit. This would be more in harmony with our pan-Arab commitments and with agreements we have made with our Arab brothers," he said in a statement.

"We should also have obtained the approval of the PLO central council before signing it," he added. The PLO plans to call a meeting of the 100-member council to ratify the agreement after the signing ceremony in Washington.

Opposition within Fatah is particularly strong in Jordan and Lebanon, where former fighters in the movement feel betrayed by the leadership commitment to prevent acts of violence against the Israeli occupation forces.

According to Fatah sources, at least 180 former fighters – based in Jordan – have refused to join the new Palestinian police force Mr Arafat is to form as part of arrangements for the Palestinian autonomy.

"We are ready to serve in nationalist police force in an independent Palestinian state but not to be tools to suppress our people's resistance against the Israeli occupation," said a Fatah fighter, who has been a member in the movement for the last 16 years, on condition of anonymity.

Such fears were cited by senior PLO officials who resigned from the top level decision-making body.

"This agreement transforms the Palestinian autonomy authority into a repression apparatus against our people in favour of Israel," said Abdullah Hourani, the latest independent member to resign from the executive committee, in reference to provisions in the limited autonomy concerning security co-operation between Israel and the Palestinians.

Yassir Arafat: other founders of the PLO have contested the terms of his agreement with Israel Reuter

EC will invite Arafat for talks

By Lionel Barber in Bilzen

THE EC will today invite Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, to Brussels to discuss economic reconstruction in the occupied territories as part of a wide-ranging political dialogue with the PLO leader.

EC foreign ministers, meeting in eastern Belgium, also gave a warm welcome to European Commission proposals to double assistance to the occupied territories to Ecu500m (£383m) over the next five years.

The Commission is to invite Israeli and Palestinian experts to come separately to Brussels to discuss how to bolster the economy of the Gaza Strip and West Bank, and to use money to improve health, education and infrastructure in the occupied territories.

Mr Jacques Delors, president of the Commission, and Mr Willy Claes, Belgian foreign minister who chairs the rotating EC presidency, will attend today's ceremony in Washington to sign the peace agreement between Israel and the PLO. The invitation to Mr Arafat is likely to be extended after the Washington ceremony.

Mr Delors appealed to western countries to co-ordinate their aid effort and warned against making loose promises of hundreds of millions of dollars without proper assessment of the occupied territories' capacity to absorb aid. "We have seen what happened with Russia," he said.

The elevation of Mr Arafat forms part of an unfolding EC diplomatic effort aimed at responding to the Israeli-EC peace accord on mutual recognition and self-rule in Gaza and the West Bank town of Jericho.

Ministers yesterday approved a new mandate for the Commission to update a 1975 trade agreement with Israel, while holding out the prospect of aid to other Arab countries such as Jordan, Syria and Lebanon once they complete peace agreements with Israel.

The EC also wants an end to the Arab trade boycott of Israeli products, and is likely to press Mr Arafat on this matter.

Pact bars Palestinian rule in Arab east Jerusalem

By Julian Ozanne in Jerusalem

THE historic Israeli-Palestinian peace agreement to be signed at the White House today provides for an interim five-year period of Palestinian self-rule in the occupied West Bank and Gaza Strip.

In addition Israeli troops will completely withdraw from Gaza and an enclave, expected to be about 100 sq km, around the West Bank town of Jericho, giving Palestinian authority in these two areas a fuller meaning.

Once the document, known as the "Declaration of Principles" (DOP), is signed in Washington, several more agreements and protocols will have to be negotiated in the next three months to flesh out the agreement in such areas as elections, policing and the withdrawal of Israeli troops. The DOP will come into force a month after signing.

The text of the DOP, however, makes blatantly clear that a "Palestinian Interim Self-Government Authority" will have no jurisdiction over occupied Arab East Jerusalem, Jewish settlements and Israeli nationals in the occupied territories, and external security arrangements, foreign relations and co-operation with neighbouring states during the interim period.

Negotiations on a permanent Israeli-Palestinian settlement based on United Nations Security Council Resolutions 242 and 338 will begin "as soon as possible but not later than the beginning of the third year of the interim period". Permanent status negotiations will resolve all the outstanding issues including Jerusalem, refugees, settlements, security arrangements and borders.

The first important protocol which will be negotiated after today's signing, as stated in Annex Two of the DOP, will provide for the withdrawal of Israeli Forces from the Gaza Strip and Jericho area. The protocol should be concluded and signed within three months. Upon the immediate signing of the protocol "Israel will implement an accelerated and scheduled withdrawal of Israeli military forces...to be completed within a period not exceeding four months."

The protocol on withdrawal will include arrangement for:

- A smooth transition;
- The assumption of internal security and public order by the Palestinian police force, consisting of police offices from within the territories and those holding Jordanian or Egyptian passports;
- A temporary international or foreign presence;
- The establishment of a joint Palestinian-Israeli Co-ordination and Co-operation Committee for mutual security purposes;
- An economic development and stabilisation programme, including the establishment of an emergency fund to encourage foreign investment and financial and economic support;
- Safe passage of persons and transportation between the Gaza Strip and Jericho;
- Co-ordination for border passage between Gaza and Egypt, and Jericho and Jordan.

Israeli forces will withdraw outside populated areas in the rest of the territories by the eve of Palestinian elections.

Article III of the DOP on elections says direct, free and general elections will be held for a Palestinian Council not later than nine months after the DOP comes into force. Until the elections and the inauguration of the council, Israel will transfer powers to "authorised" Palestinians.

The powers transferred to Palestinians will be in education, culture, health, social welfare, direct taxation and tourism, and the Palestinian authority will immediately start to build a Palestinian police force.

Article VII says an "Interim Agreement" will specify the structure of the council, the number of its members, the transfer of powers, and the extent of the executive and legislative authority of the council and a Palestinian judiciary.

To promote economic growth the council, upon inauguration, will immediately establish a Palestinian electricity authority, a Gaza Sea port authority, a Palestinian development bank, a Palestinian export promotion board, a Palestinian environmental authority, a Palestinian land authority and a Palestinian water administration authority.

After the inauguration of the council, the civil administration will be dissolved and the Israeli military government will be withdrawn.

A second protocol, provided for in Annex I of the DOP, will have to signed on the "mode and conditions of elections". The annex says Palestinians of Jerusalem who live there will have the right to participate in the elections process. It does not say whether they will be able to stand in elections – a key PLO demand. The annex says the elections protocol will specify the system of elections; agreed supervision and international observation and rules regarding the election campaign and the mass media, including the possibility of licensing a broadcasting and television station.

Article X provides for a joint Israeli-Palestinian liaison committee to ensure smooth implementation of the DOP and the resolution of disputes between the two sides. Disputes which cannot be settled through the liaison committee will be submitted to an agreed process of conciliation and arbitration. Article XI provides for the immediate establishment of Israeli-Palestinian economic co-operation committee. Article XII says Jordan and Egypt will be invited to join joint Israeli-Palestinian liaison and co-operation committees, including one to "decide the modalities of admission of persons displaced from the West Bank and Gaza Strip in 1967".

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Hopes of finding joint choice to run for president collapse

Bonn parties choose their candidates

By Judy Dempsey in Berlin

HOPES that Germany's three main political parties would agree on a presidential candidate will collapse today when the governing Christian Democratic Union and the opposition Social Democratic party nominate their own candidates.

But Mr Richard von Weizsäcker, the outgoing president, said the dispute over his successor, and the presidential office itself, was being used by the political parties in the run-up to next year's federal elections.

Chancellor Helmut Kohl will ask his CDU party conference in Berlin to endorse Mr Steffen Heitmann, the justice minister of the eastern state of Saxony. The choice of Mr Heitmann, 49, reflects Mr Kohl's determination to have as president an easterner, as well as someone who reflects conservative values aimed at attracting the hard-right wing of the CDU.

Mr Heitmann has repeatedly stressed the importance of the role of the nation, security, and a return to traditional family values as a means of consolidating unification. Mr Heitmann was active in the Lutheran church, a focal point of the opposition under communist regimes, and is also seen by Mr Kohl as a man who embodies resistance and integrity, as if to compensate for the weak German resistance during the Nazi period.

By contrast, the Social Democratic party will today endorse Mr Johannes Rau, the current prime minister of North Rhine-Westphalia.

Meanwhile, the Free Democratic party, the junior partner in the governing coalition, has urged Mr Hans-Dietrich Genscher, the former foreign minister, to become its candidate. Mr Genscher has refused but, if public opinion continues to swing in his favour, may not take much more persuading to accept. Mr Kohl would not welcome his former rival as a strong president.

Opinion polls, carried out by the Ennid Institute, show that 56 per cent of Germans support Mr Genscher, with 67 per cent in the east backing him. Only 5 per cent of Germans support Mr Heitmann. Mr Rau is supported by 26 per cent of Germans, and but by only 14 per cent in the east.

The president is elected by the Federal Convention, a special constitutional body comprising members of the Bundestag, or parliament, and an equal number of members elected by the state parliaments.

Of the 1,324 votes, the CDU has 512, the CSU, its sister party 109, the SPD 500, the FDP 114, and the rest 89 votes. The CDU's candidate could lose if the CSU, and the FDP switch sides, or if Mr Genscher decides to run.

IG Metall plans its pay target

GERMANY'S engineering workers will be calling for a wage rise next year limited to the rate of inflation, plus any increase in productivity, according to Mr Klaus Zwickel, acting leader of IG Metall, the country's largest trade union, **Quentin Peel writes.**

The move is seen as a clear indication by the union of the need for wage restraint because of the downturn in the German economy. But it still falls well short of the employers' *insistence* on a "zero round" in next year's most important wage round.

The first indication of the union's position – without any precise figures for either its inflation or productivity estimates – was presented by Mr Zwickel in Frankfurt as a "peace offering" intended to take the heat out of the coming pay talks. Formal wage demands have to be drawn up by the end of November.

At the same time, he called for a joint initiative by both workers and employers in the engineering industry, the sector of the German economy hit hardest by the recession, to demand new government initiatives to counteract rising unemployment, including an accelerated programme of infrastructural investment in east Germany.

His plea met a sceptical response from Gesamtmetall, the engineering employers' federation. A spokesman said the industry needed a freeze on costs in the coming year. He said IG Metall still failed to recognise that German wage costs were too high and undermined German competitiveness.

Mercedes puts France on list for new plant

By John Griffiths

FRANCE was identified by Mercedes-Benz at the weekend as the fourth short-listed production site for the German manufacturer's 200,000 units-a-year small car project. The others are the UK, the Czech Republic and Germany itself.

The disclosure is certain to intensify rivalry among the short-listed countries to attract one of the most prestigious greenfield projects in the motor industry's recent history.

In the UK "there will be as many bids as there are local authorities that know about it", said a government official. He also suggested the project "will need development funding, so will have to go to a selective assistance area".

Senior Department of Trade and Industry officials in London would not comment on what stage the assessment process had reached and what role the DTI might be playing.

However, the Northern Development Corporation, whose area includes the Nissan plant at Sunderland, said it had already responded to a DTI request made last week for details of potentially suitable 250-300-acre sites in its area. The west Midlands, Merseyside and north and south Wales are expected to be among the front-runners in the UK for the project.

Welsh development agency officials were at the weekend shedding no light on their involvement.

However, they are likely to be encouraged in their own bid for the venture by the recent rapid growth of the motor components industry in Wales and the success of German motor components giant Robert Bosch in establishing a £100m ($154m) components manufacturing centre in South Wales, and that of Toyota, whose £140m engine plant at Deeside in north Wales has just begun component exports to Japan as well as supplying engines to Toyota's car plant at Burnaston in Derbyshire.

That the Mercedes assessment process is still at a very early stage was indicated by apparent surprise in both Paris and Prague that the project might be up for grabs. "German companies have a strategic interest in the Czech Republic generally, but I have *not heard* of any discussions on this specific project," a senior Czech official said.

It would not be the first time Mercedes has examined the Czech Republic as a possible production site. It discussed a possible $250m joint venture with two Czech truck makers earlier this year, but the talks broke down in March.

Spain is likely to be concerned it is not to be included in the short-list. Its low labour costs have attracted significant German and Japanese motor industry *investment in recent* years. However, it has been jolted by warnings from Nissan that its operations need to make sharp productivity and quality improvements.

German health spending winding down

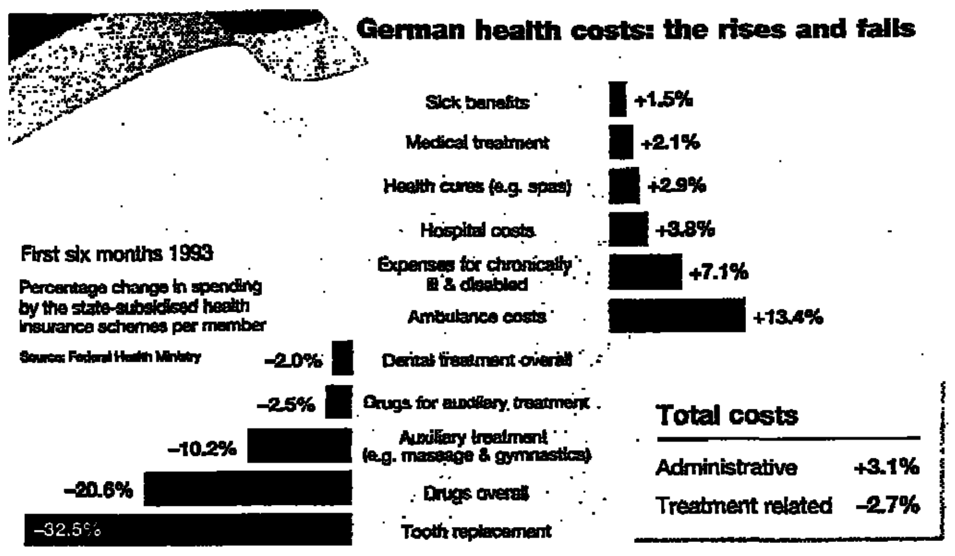
Ariane Genillard sees insurance reforms working

MR Horst Seehofer, Germany's federal health minister, bore a radiant face when he recently announced that his six-month-old reforms had already reversed the insidious trend of seemingly ever-higher health spending. His smile was an achievement in itself for a man who has made enemies across the German medical profession and pharmaceutical industry.

The state-subsidised health insurance scheme, which offers nearly full health cover to 90 per cent of the population, reported a healthy surplus of *DM2.6bn ($1.6bn) for the* period, after a DM9bn loss in 1992. Per-member treatment-related spending has decreased by 2.7 per cent since reforms took effect on January 1, after a 9 per cent increase last year.

Spending dropped as a result of severe budgetary restrictions under the reforms for drugs and treatments. In answer to these, the medical profession prescribed less than in previous years. "We have succeeded in changing the behaviour of everyone involved in the healthcare system," Mr Seehofer said.

Some members of the medical profession welcome the change. "A patient in Germany would never leave his doctor without a prescription before," says Mr Frank Montgomery, from an independent association of doctors."



But the reforms have also sparked bitter complaints from doctors and the drugs industry. Both groups have seen their revenues decline as a result of the ceilings on their fees and say the reforms could undermine the ability of the system to continue to provide state-of-the-art drugs and treatments.

According to pharmaceutical associations, the budget ceilings are threatening 20,000 jobs in pharmacies.

Dentists say they are increasingly refusing to treat non-privately insured patients because lower fees do not cover costs.

To cap the rising spending borne by the insurance scheme, which is compulsory only for those who earn less than DM6,000 a month, the reforms introduced budgetary ceilings equal to 1991 levels of expenditure plus a marginal increase reflecting the yearly average growth in personal income. *Heavy* financial penalties are incurred if these ceilings are exceeded.

For drugs sold in pharmacies, spending covered by the health scheme has been limited to DM24bn for the year. Physicians and dentists prescribing over this limit are *legally obliged* to pay up to DM280m a year (estimated to be 1 per cent of annual doctors' fees) from their own pockets. Their medical associations will be charged with examining individual cases of over-prescribing and will impose fees to cover this amount. The pharmaceutical industry must pay the costs of the next DM280m tranche of over-spending to the insurance schemes.

For treatments, doctors and dentists' fees will be automatically reduced if doctors over-prescribe, and *hospitals will* have to open credits to cover over-spending rather than charge the insurance scheme.

The results of the reforms have been immediate. Prescriptions decreased sharply in the first six months. Mr Seehofer hopes the insurance schemes will save up to DM7bn this year in non-prescribed medicines and treatments.

However, retail sales in pharmacies have fallen by 21 per cent for the half year, with pharmacists bitterly protesting. They say their profits could fall by 32 per cent this year.

While doctors agree that the budgets for medicines are cutting excessive over-prescriptions, they say the ceilings could undermine their own budgeting. With declining profit margins, they fear that lack of investment will undermine the quality of services.

"The reforms are purely monetary and do not address structural change," says Mr Montgomery. "They are in fact destroying existing healthcare structures without creating viable new ones."

Dentists are angered by a series of fees reductions forced on them.. These include a 10 per cent price reduction on crown and bridge work, areas where dentists earn most of their income.

Sales in the pharmaceutical *industry fell by 11 per cent* from January to June. Moreover, the market share between original products and cheaper generic medicines has changed to the detriment of companies investing in research. Sales of generic medicines rose by 12 per cent in the six months.

Mr Walter Wenninger, head of the healthcare division of Bayer, predicts that sales for pharmaceutical groups could drop by 25 per cent this year and says the reforms clash with the government's aim of securing Germany as a competitive industrial base.

The medical profession and the industry say further reforms are needed to improve the structures of the healthcare system. They say administrative costs, which have been rising, could be brought under control if more efficiency was introduced in running the system.

The medical profession also advocates greater participation by the patient in the final health bill. German patients, accustomed to cheap healthcare, must develop an awareness of its cost, they say. Above all, they fear a victorious health minister will increase budgetary restrictions next year or bring in new ones, further threatening revenues and incomes.

EC near deal on protecting bank deposits

By Lionel Barber in Bilzen

EC FINANCE ministers are poised to override German objections and strike a deal today on a new Community-wide bank deposit guarantee scheme.

Agreement on the EC bank deposit directive would raise the level of minimum protection to Ecu20,000 (£15,240), paving the way for similar arrangements to raise cover for investors in stocks and shares.

EC officials believe a qualified majority vote in favour of the bank deposit scheme will be the most concrete result of today's meeting in Brussels. Finance ministers will discuss the recent upheaval in the ERM over lunch, but Brussels diplomats said no decisions are expected.

"We are still very much on first reactions," said one official.

The new EC bank directive covers deposits in EC banks denominated in EC currencies and Ecus. Member states would be free to oblige third-country banks to join the scheme, marking a further step towards completing the single European market.

Germany is expected to oppose the bank deposit guarantee proposals on the grounds that a Community-wide approach could undermine its own scheme which offers virtually unlimited protection to account-holders in the event of a bank defaulting.

Germany is worried that its own privately-managed scheme would be more difficult to supervise if it is obliged to accept members from third countries.

Also, German bank branches operating overseas would not be able to benefit from lower standards in other countries because the directive applies only to "topping up" and not lowering protection.

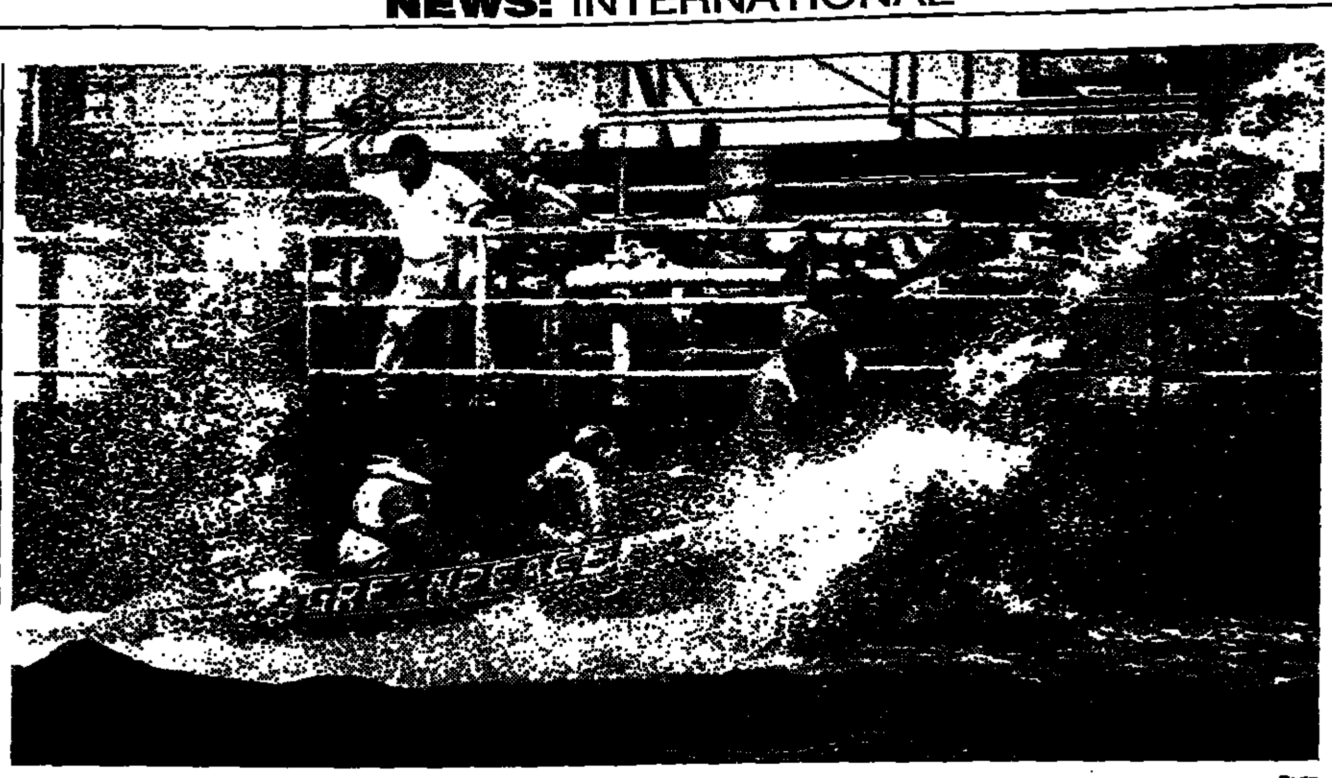
For the UK, the scheme would raise the level of protection. Under present law, investors are offered 75 per cent protection on the first Ecu20,000 of deposits but only on sterling deposits.

Under the latest proposals from the Belgian presidency, the EC would require banks to raise protection to 90 per cent on the first Ecu20,000 with a five-year transition period.

The directive does not specify whether member states should introduce a public or private guarantee scheme. But it stipulates that banks must inform depositors on the level of protection.

Finance ministers are today likely to give a cool reception to two European Commission proposals aimed at boosting the EC's growth initiative. One plan to allow the European Investment Bank to offer interest rate subsidies to medium and small businesses is "virtually dead," according to one UK official.

Member states are also sceptical about a plan to allow up to Ecu5bn of Community borrowing against future EC structural funds, on the grounds that it looks like deficit financing at a time of supposed budget austerity.



Reuter

GREENPEACE activists in a dinghy pull up yesterday alongside the Italian freighter Diego in a protest against its chlorine cargo. Greenpeace said pollution from some 60 factories making chlorine around the Mediterranean were contaminating the sea

Judges 'plotted against Gardini'

INVESTIGATIONS into Italy's political corruption scandal could take a new turn this week following testimony claiming Mr Raul Gardini, the entrepreneur who killed himself in July, was the victim of a plot between politicians and corrupt judges, writes Haig Simonian in Milan.

Mr Sergio Cusani, a financial intermediary who acted as go-between for Mr Gardini's Montedison group at the time of the Enimont chemicals joint venture with the state-owned Eni energy and chemicals concern, has allegedly accused Eni's then-management of colluding with Mr Diego Curto, a senior Milan judge.

Mr Curto, arrested earlier this month, was responsible for the controversial November 1990 ruling to freeze Eni's and Montedison's shares in Enimont at a crucial stage in the battle for control of the public-private joint venture.

The new allegations were made in a leaked 14-page document by Mr Cusani, in jail in Milan, to magistrates investigating Mr Curto on corruption charges. According to the leaks, Mr Cusani claims the decision to freeze the Enimont shares was made in collaboration with Eni and senior politicians to force Mr Gardini to sell out.

A number of former Montedison executives now under investigation have claimed the share freeze was a deliberate signal to Mr Gardini from Italy's main political parties that his ambitions would be thwarted and that the only way to unblock the situation was to arrange a deal with Eni. Until then, Mr Gardini had waged a campaign to win control of the joint venture.

Russians welcome German business invasion

John Lloyd on a new spirit of co-operation between the two nations on the enterprise front

THE IRONIES never absent when Germans meet Russians on their own soil were on full display in Nizhny Novgorod this week when delegations of German businessmen and politicians came to Russia's most market-oriented region to advise, to learn and to do business.

Mr Heinz Rhunau, former chairman of Lufthansa and now deeply engaged in assistance to the Nizhny region, says that "I am happy that I can come here and talk to him (embracing his translator) without a rifle in my hand". Outside the administration building where he has been meeting the region's leaders, a war memorial exhorts – "Comrades, remember the life of those who left us...they fell, for honour and freedom, for the motherland. Think on this down the centuries, as you walk beside them."

Mr Rhunau, of an age to have fought in that conflict, now advises the West Deutsche Landesbank and the government of North Rhine-Westphalia in its work with Nizhny: the region is steadily strengthening its links with the German state. Giving a fulsome toast on Thursday night, Mr Boris Nemtsov, the young governor of the region famous for his – increasingly unusual – pro-market views, said that "we have signed protocols on 25 different deals with North Rhine-Westphalia, and 25 of them are being fulfilled."

Mr Rhunau lighted on Nizhny because (he counts off the reasons): "One, excellent production equipment; two, highly educated workers; three, a high social sense – people here are disciplined; and four, the leadership here are the Russians of tomorrow."

Mr Nemtsov and his colleagues may be Russians of tomorrow: but distinguished Russians of the past head the local economy which is heavily biased towards defence production. Indeed, as Mr Rhunau and his team negotiated with Mr Nemtsov, an esplanade-full of tanks, guns, military vehicles and Migs were presented for show in Nizhny's second defence fair – as local cash-strapped industries tempt domestic and foreign buyers to arm themselves better.

The man whose plants make these and other products (such as the Volga car) are at best sceptical of the market. A German-Russian seminar on military conversion last week was a rehearsal of positions – the Germans stressing the need for market knowledge and company-level initiative, the Russians talking of their ability to switch production rapidly to produce goods for an empty, undiscriminating market.

"Why has there not been a catastrophe here when the state slashed military spending last year?" asks Mr Vladimir Luzyanin, general director of the Hydromash engineering plant. "Because in the 1970s we had already been directed to devote part of our production to consumer goods. So for most of us, it was a matter of increasing that proportion. We did it in 18 months."

Mr Luzyanin and his colleagues do not want joint ventures with foreign companies. He wants to trade. "We have orders to make parts for the Airbus," he says. "And for other western companies. We do all this. Now. With some more money we will do better, by ourselves."

Mr Yuri Sedakov, head of the NIIS plant which makes printed circuit boards and production equipment, has, he says, got exemption from privatisation and taken his enterprise under control of the Ministry of Atomic Energy because "we have a unique range of equipment here, a unique technology – we cannot allow it into the hands of those who might neglect it."

Perhaps they are wrong to be so dismissive. At the military hardware exhibition, Mr Karl-Heinz Kleidzinski, a social democrat member of the Bundestag, a former (peacetime) fighter pilot and defence expert, kicks the tyres on a howitzer and notes that its range is 24kms. "It is not competitive. The howitzers in the west have a range of 30kms: it could be destroyed while getting into range.

The Mig 29 is made in Nizhny: one stands on the esplanade, guards handing children into the cockpit as Russians and foreigners view what three years ago was shrouded behind hangars in a city which itself had been closed until the end of the eighties.

Yet these "red directors" are the flower of the Soviet crop – commanding, highly educated, devoted to their enterprises. They like neither the chaos of the "market" nor privatisation but insist they can run their enterprises for the benefit of the country they have served. After six years of Gorbachev, two of Yeltsin, industrial leaders in Russia's most market-oriented region remain what they have always been.

Nato plans 50,000 Bosnia deployment

By Lionel Barber in Bilzen

NATO is developing a plan to send about 50,000 peacekeeping troops to Bosnia, up to half of them Americans, if agreement is reached to end the civil war, Mr Les Aspin, the US defence secretary, said yesterday.

At a meeting in Brussels before flying to Rome to discuss the proposal with US military officials, Mr Aspin confirmed for the first time the number involved but said the US Congress was likely to veto American participation unless European allies provided half the troops.

"We are talking overall numbers of around 50,000 total – that would be US and western allies," Mr Aspin told a meeting of the International Institute of Strategic Studies (IISS) in Brussels.

Separately, Germany is lobbying to appoint a German national to head a European Community team to restore order to the ruined Bosnian town of Mostar, in the event of a peace deal between Moslems, Croats and Serbs in the Bosnian conflict.

German officials confirmed the Bonn government's interest in taking a high profile administration role in Mostar if the warring parties resolved their differences in peace talks in Geneva. "It would be one of the first examples of a common European security and foreign policy," said one.

Germany's ambiguous constitutional restrictions on the deployment of military force overseas and its involvement

Congress is likely to veto US participation unless European allies provide half the troops

in atrocities in Yugoslavia in the second world war makes it impossible for Germany to take part in a UN/Nato peacekeeping force in Bosnia.

Appointment of a German national to help restore basic facilities in Mostar would show the Bonn government is anxious to "do its bit" in former Yugoslavia, an EC official said.

Lord Owen, EC negotiator, suggested during an upbeat presentation on Saturday to EC foreign ministers meeting in eastern Belgium that an agreement might only be weeks away. But this depended on all three parties showing flexibility and he was not yet ready to reconvene peace talks.

Talks are focusing on encouraging the Croats to guarantee Bosnian Moslems access to the Adriatic Sea.

Ministers are also trying to persuade the Serbs to open up safe corridors between Bosnian-held territory. It is understood Greece is being used as an intermediary, passing the message that Serb concessions would lead to a swift lifting of EC sanctions.

● In Zagreb the Croatian news agency said Croatian President Franjo Tudjman yesterday ordered a ceasefire in Croatia and told troops not to respond to Serb provocations.

Mr Tudjman told a meeting of Croatia's defence council that he wanted the ceasefire to be respected within the next 24 hours to enable a truce to be reached with Serbs, the president's office said.

Serbs and Croats fought a bloody war in 1991 after Croatia declared independence from Yugoslavia. A UN-brokered ceasefire agreement in 1992 failed to prevent sporadic fighting re-erupting last week.

Rearguard fight over Polish sell-offs

Christopher Bobinski on attempts to discredit policy ahead of next week's elections

Polish elections

PRIVATISATION is a controversial issue in the Polish election campaign and Mr Janusz Lewandowski, Poland's privatisation minister, knows he is fighting a rearguard action in the run-up to voting on September 19.

Opinion polls show his pro-privatisation Liberal Democratic Congress (KLD) party, which played a key role in several post-communist governments, could fail to win the 5 per cent of votes needed to enter parliament.

Mr Lewandowski, a 42-year-old economist, is under attack from left wing and populist rivals anxious to discredit the KLD's privatisation record. On the campaign trail in Poznan province in western Poland he described himself as the most controversial minister in the government.

"I feel like a bomb disposal specialist," he said, aware that almost every decision he takes could blow up in his face. "It would be safest to do nothing," he said at meetings last week, "but then many of the companies which only exist because they were privatised would have disappeared long ago".

The attacks, which Mr Lewandowski labelled as "a pack of lies of Himalayan proportions," relate to his ministry's efforts to privatise more than a quarter of the nearly 8,500 state sector enterprises and the sale to foreign and domestic investors of 76 former state-owned companies.

Formal privatisation remains bogged down by bureaucratic and political obstacles, but the explosive growth of new private companies means that more than half the Polish workforce in employment now has jobs in the private sector.

Mr Lewandowski's main aim after the election is to press ahead with a mass privatisation scheme (MPP) involving the sale of shares, at a nominal charge, in more than 400 state-sector companies, to be managed by western-style investment funds with western managers.

Critics of the MPP have found ammunition in reports prepared by the Supreme Chamber of Control (NIK), an official audit body which has faulted the procedures followed in the privatisation of more than 60 plants.

Mr Lewandowski pointed out that the NIK was set up to assess a completely different economic system. "Most of the criticism dates back to 1991 when we at the ministry were learning to privatise and NIK was learning how to conduct inquiries in new conditions."

But the pressure from NIK is one of the reasons why privatisation is so slow. "I look at each deal as it would be viewed by a NIK controller," he told employees and management during an electoral meeting at Pozmeat, a Poznan state-owned meat works which has been trying to join the private sector since 1989.

'I'm standing here because I do a difficult job which needs to be understood'

Everyone at the plant wants the minister to move ahead as quickly as possible in order to face the challenge from long-established private-sector meat processors in the area.

The hitch is that the former owners of one of the production units have laid a claim for compensation and some equity has to be set aside in case the claim is justified.

Shares at a discount are also due by law to be sold to farmers who supply meat to the works, although the bulk of Pozmeat's suppliers were state farms now in their death throes.

"The farmers won't buy the shares but we have to make provision for them," Mr Lewandowski patiently explained last week in the century-old plant's assembly hall.

Poznan prides itself on its traditions of order, hard work and reliability, and Mr Lewandowski is hoping these will favour his cause. In 1991 the KLD won a mere 7 per cent of the national vote, but 12 per cent in Poznan. "I'm standing here because I do a difficult job which needs to be understood and people here have a better feel for economics than elsewhere," he told a sparsely attended election meeting at Szamotuly, north west of Poznan.

Mr Lewandowski is taking no chances with a potentially explosive decision over the future of a local company, the Goplana confectionery plant.

Goplana, with 10 per cent of the domestic market, has been working for more than two years towards a merger with E D and F Man, the sugar and cocoa brokers, and Elite Industries, an Israeli chocolate and food processor. Man, which says it will invest $37.5m (£24.3m) in the plant has been challenged by Nestlé, which has offered to pay the Treasury $40m for control of the company and invest a further $30m. "This is a conflict between the head and the heart," Mr Lewandowski said, adding he would visit the plant before deciding what to do, but "not just yet". Whatever he decides, however, he knows he will be criticised.

"If I go with Man I will be attacked for failing to secure budget revenues. If we sell to Nestlé there will be hell to pay locally," he mused.

The atmosphere is calmer at Metalplast, a metal panels producer established in the 1970s to build the new factories put up under the western-financed investment boom.

Over the past four years Metalplast has started to provide commercial rather than industrial buildings. It ended last year with a 36bn zlotys (£1.2m) net profit and has voted to enter the MPP.

But even here, where unemployment is low, the doubts linger. "We went into the programme because the employees are keen to get the 15 per cent of the equity that entry will give them, and we need a modernisation loan," said Mr Marek Szczesny, managing director. "But we worry that the foreign fund managers will start reorganising just when we have got everything going properly."

Socialist victory will hit economy, says Mitsotakis

By Kerin Hope in Athens

MR Constantine Mitsotakis, the Greek prime minister, kicked off his re-election campaign at the weekend by warning that the economy would face serious problems if the Panhellenic Socialist Movement (Pasok) came to power.

Mr Mitsotakis, whose government was toppled last week by defections from his New Democracy party, also claimed the socialists' pledge to call off the privatisation programme would disrupt Greece's bid to achieve economic convergence with its EC partners.

Mitsotakis: toppled last week

"There will be a new haemorrhage of deficits. The Greek people will be called on to pay out a huge amount if privatisation is abandoned," he told an audience of Greek businessmen in Thessaloniki.

Whatever the outcome of the October 10 election, called seven months before the expiry of the conservatives' mandate, delays in revenue raising can be expected. Budget projections for 1993, the first year of Greece's five-year convergence plan, include at least Dr330bn (£930m) in privatisation revenues.

Nevertheless, Pasok's intention of cancelling negotiations for the sale of public utilities and rolling back recent legislation permitting private operators to build and run power plants would damage chances of attracting investment.

Mr Mitsotakis also warned that any serious deviation from the convergence targets, which include reducing government borrowing from 9.6 per cent of gross domestic product in 1992 to 0.7 per cent in 1998 and halving the public debt, would mean that transfers from EC structural funds would be held back.

Greece's current account deficit is held at manageable levels by steadily rising EC transfers, with up to Ecu20bn (£15.24bn) due to be disbursed in the next five years.

The conservatives, their popularity eroded by a three-year decline in real incomes and rising unemployment, are well aware they will have an uphill struggle to stay in power.

Samaras targets centrist and rightwing voters

IN a country where the leaders of both major political parties are in their mid-70s, younger Greek politicians inevitably feel a sense of frustration, writes Kerin Hope.

Mr Antonis Samaras, 42-year-old former foreign minister who brought down the New Democracy government last week, is no exception.

Yet Mr Samaras, leader of Political Spring, a new party which hopes to attract discontented centrist and rightwing voters in the October 10 election, may have got both his timing and his policies wrong.

Samaras: opposes privatisation

One former cabinet minister said: "All he had to do was be patient and the New Democracy leadership would have dropped into his lap."

As Greece's youngest foreign minister in memory, Mr Samaras was expected to carry out instructions of Mr Constantine Mitsotakis, prime minister, and use his charm to improve Greece's image with its European Community partners.

But Mr Samaras opposed the prime minister's policy of compromise over recognising the former Yugoslav republic of Macedonia. He was sacked in spring 1992 after proposing Greece close the border with Macedonia to pressure it into changing its name.

The contradiction between Mr Samaras's efforts to present Political Spring as the party that can rejuvenate Greek political life and his old-fashioned nationalist views will not be lost on voters. Greek businessmen, anxious to see the departure of the old political leaders wonder whether Mr Samaras, a graduate of Harvard business school, can be serious about opposing the government's privatisation policy.

Analysts expect Political Spring will win between up to six per cent of the vote, enough to spoil Mr Mitsotakis's chances of returning to power. Although Mr Samaras is likely to keep his parliamentary seat in Messenia in southern Greece, he would be accused by conservatives of handing victory to the socialists. As a result, his political future may be just as uncertain as that of Mr Mitsotakis.

Ex-Wardley head faces bribe charges

By Simon Davies in Hong Kong and Peter John in London

MR EWAN LAUNDER, the former head of Hongkong and Shanghai Banking's merchant banking arm, Wardley, who was arrested on Friday in connection with the collapse of the Carrian empire in 1983, is expected to appear as a key witness in the trial of Carrian's chairman, Mr George Tan.

Mr Launder is considered the front-man for Hongkong Bank's substantial dealings with the group.

Scotland Yard yesterday confirmed Mr Launder was arrested by officers attached to the internationally organised crime branch. He was seized on Friday at the request of Hong Kong police as he flew into Heathrow.

Mr Launder appeared in Bow Street magistrate's court on Saturday, and is facing extradition to Hong Kong on charges of accepting HK$45m (£3.8m) in personal bribes from Carrian group companies. He was remanded in custody at Brixton jail until Friday.

The arrest follows last month's return to the UK by Mr Lorrain Osman, who had been expected to play the role of key witness in the continuing investigations into Mr Tan. Mr Osman's return, after 15 charges against him were dropped, *had led to the* expectation that the Carrian affair, Hong Kong's most notorious corporate scandal, was finally drawing to a close.

Carrian was formed from a *shell listed company in 1979*, and emerged as a massive property investor in the early 1980's; Wardley acted as financial adviser and financier from the outset. Carrian collapsed in 1983 with estimated debts of more than HK$10bn, and Mr Launder left Wardley in the same year.

The case has cost Hong Kong taxpayers more than HK$100m, but there is little sense there that justice has been done.

Mr Tan, his righthand-man Bentley Ho, and two partners of Price Waterhouse – Carrian's accountants – faced criminal charges, but were let off in 1987.

Further controversy came with the murder of a Malaysian investigator into the scandal and with the suicide in 1984 of an eminent lawyer, connected with Carrian, who was found at the bottom of a swimming pool.

Despite the close connections with Wardley and Hongkong Bank – the bank's former chairman Sir Michael Sandberg invited Mr Tan to his box at the races, and was said to have blocked opposition to Carrian loans – Mr Launder is the first HSBC official to face charges concerning the Carrian collapse.

In 1988, Mr Stewart Turner, a former employee of Barclays Asia, was found guilty of accepting bribes in relation to a loan given to Carrian. Mr Osman also pleaded guilty of defrauding Bumiputra Malaysia Finance Corporation by authorising loans to a company controlled by Mr Tan.

Clinton still requires a winning Nafta vision

Nancy Dunne reports on the president's uphill battle to win the hearts of Congress

PRESIDENT Clinton tomorrow formally launches his uphill battle to make the North American Free Trade Agreement acceptable to a dubious US Congress.

With ex-presidents Bush, Carter and Ford expected at the White House for a Rose Garden ceremony, Mr Clinton will sign the supplemental agreements on labour, environment and import surges negotiated over seven months with Canada and Mexico.

The White House is also hoping to acquire the salesmanship skills of Mr Lee Iacocca, former head of Chrysler and a pitchman notable enough to challenge Mr Ross Perot, leader of the strong Nafta opposition.

There is now a determination in the *White House to portray the pact*, along with its side agreements, as "Clinton's Nafta" and therefore one *which should be more* acceptable to labour and environmentalists. However, if the side pacts have won any adherents, they have yet to announce their conversion.

As is usual with trade issues, the spotlight is on Mr Richard Gephardt, the House majority leader, whose backing is seen as key to Nafta's passage in the House. Mr Gephardt leaves a tantalising opening in his current *insistence that he cannot* support the pact – as it stands.

Mr Gephardt has been demanding for a long time a fixed funding source, dedicated to pay for environmental clean-ups at the US-Mexican border and for worker retraining. An outline *of the* financing plans may be released tomorrow

The administration plans to propose a scaled down version of a North American Development Bank. However, this could be expanded by Congress, where there is support for an *institution* capable also of also start-up business loans in districts threatened by job losses.

Currently, the proposal is to limit the Nadbank to environmental projects at the border and to locate it within the Inter-American Development Bank. However, Congressional supporters of a larger bank may well prevail when the plan gets to Capitol Hill.

It has been suggested that Mr Gephardt might find acceptable a cross-border tax which would provide the embryonic funding for a Nadbank. The tax would be "finite" – in place only until it raised the $600m (£390m) currently envisaged from the US and Mexico for *paid in capital* – which may make it acceptable to the business lobby.

Vice President Al Gore yesterday suggested that the implementation of Nafta may be delayed beyond its scheduled launch on January 1 1994. He acknowledged that the vote may not come until early next year, but scoffed at press reports that the administration is backing away from the controversial agreement.

The White House has established a Nafta "war room", reminiscent of the *quick-response team* which won high praise for its wit and speed in last year's presidential campaign. Nafta captains are in place – Mr Bill Daley, an accomplished Democratic back-room deal-maker, and Mr Bill Frenzel, a former Minnesota Republican congressman – although neither has been visible much in public.

Mr Clinton's lack of enthusiasm in defending Nafta has fuelled doubts *about his* commitment to the cause. He has seemed remote from the fray, unable to inspire the public and unwilling to articulate a vision of an expanded home market with more jobs to gain than to lose.

He can hardly be pleased about the *rift it is* creating between the moderate and liberal wings of the Democratic party.

Reports that the White House is backing away *from* Nafta have "enraged" the White House. One jubilant official said: "The political will is there; the fight is now starting."

India to probe car bombs

By Shiraz Sidhva in New Delhi

A SPECIAL team has been set up by the Indian government, involving the Home Office and official investigative agencies, to investigate the car bombs outside the Youth Congress (I) office in Delhi's high security zone which killed eight people and injured at least 40 others on Saturday.

The police said yesterday that initial investigations have revealed the involvement of Punjab terrorist groups.

Mr Maninderjit Singh Bitta, the Youth Congress (I) president, whom police suspect was the target of the attack, escaped with minor injuries. Mr Bitta's car was leaving the gate of his office when two powerful bombs went off.

Meanwhile, the four main leaders of the Hindu revivalist *Bharatiya Janata party are* campaigning nationally against government plans to legislate a separation of religion and politics ahead of elections in four states due by December.

Bharom Singh Shekhawat, sacked former chief minister of Rajasthan, is pictured waving during a campaign rally in Jammu over the weekend.

Reuter

Last try for power by former Thai PM

By William Barnes in Bangkok

THE FORMER Thai prime minister, Mr Chatichai Choonhavan, showed he has lost none of his flair for the unexpected by announcing the creation of a 90-seat party late on Friday night.

However, the merger of four opposition parties with a party in the ruling coalition government appeared to have already *run into trouble yesterday* as key members of Mr Chatichai's party angrily rejected the scheme.

The initiative is widely seen as the ageing disco-loving Chatichai's last desperate tilt at the premiership, risking severe damage to his own Chart Pattana (National Development) party for the sake of inconveniencing the government.

"Chatichai knows that at his age he can't wait two or three years for the next election – but this smacks of desperation," said the political analyst *of a western embassy*.

The 73-year-old Mr Chatichai – who was ousted by a military junta in February 1991 – has endured a year in opposition without being able to seriously trouble the five-party coalition government *despite* repeated criticism of prime minister Mr Chuan Leekpai for cautious and lacklustre leadership.

The new 90-seat strong political party is supposed to take over the name of the current Social Action party which seems certain to be kicked out of the ruling coalition.

The 21-member strong Social Action party was only brought into the coalition to shore up the thin five-seat majority of the four "angelic" parties who opposed a military junta's domination of politics and subsequently won last September's pivotal general election.

Brazil party plays for time on Franco

By Angus Foster in Brasília

BRAZIL'S largest political party has postponed until September 21 its decision on whether to break with the government of President Itamar Franco.

The Party of the Brazilian Democratic Movement (PMDB), which held its national convention yesterday, decided on the postponement to win more time for both sides to solve their disagreements, *which include personal and* policy differences.

Mr Luiz Antônio Fleury Filho, governor of São Paulo, Brazil's richest state, is heading a small but powerful group of party leaders who are *critical of the president* and his government. They also fear the PMDB will suffer in presidential and congressional elections next year if the party remains linked to President Itamar's unpopular government.

Another wing of the party, probably in the majority, is afraid that breaking with the *government would throw* Brazil into crisis. The PMDB guarantees the government's majority in Congress and a withdrawal of support would put in doubt reviews of the constitution and fiscal reform *due to start later this year*.

Another reason for the PMDB's delay was concern that Mr Fernando Henrique Cardoso, finance minister, was preparing an economic "shock" plan to tackle inflation, running at an annual 2,000 per cent.

Tokyo to unveil fresh emergency package

By William Dawkins in Tokyo

THE NEW Japanese government is expected on Thursday to unveil an emergency economic stimulation package worth up to Y5,000bn (£30.7bn), *officials said over the weekend.*

This will be the second such package this year after a Y13,200bn public spending plan adopted by the former LDP government last April.

It marks the depth of concern in the one-month-old coalition at the unexpected length of the economic *slowdown*, highlighted last Friday with the publication of the Bank of Japan's latest survey on business confidence. Manufacturing industry was at its gloomiest for 18 years, since the aftermath of the first oil price shock, and there was no immediate sign of an upturn, said the survey.

The new stimulus package will include cash for improvements to Japan's heavily loaded infrastructure, a Y2,000bn increase in public housing loans, Y1,000bn of aid to small business, and Y1,000bn spending on social projects such as urban improvements for *the elderly, according to Japanese press* reports. This will be funded by a supplementary budget, to be presented to parliament in November, officials were quoted as saying.

The package will also include details of the government's drive to curb business regulations and to pass on the *benefits of the yen's strength to* consumers in the form of lower prices.

Details will be studied closely by financial markets, eager to see how the government of Mr Morihiro Hosokawa plans to fight off recession. It will also be watched by the US, keen to see *evidence that Tokyo is working hard to* stimulate import demand.

Three Japanese securities houses have been ordered to suspend trading for two to five days at some branches, as punishment for stock market irregularities, William Dawkins reports. Yamaichi Securities, Universal Securities and Kyosei Securities admitted they had bought shares in Nihon Unisys knowing that a speculator was trying to manipulate the price.

Structural barriers to eastward enlargement

THE COMBINATION of Europe's deepening recession and the collapse of the hard version of the exchange rate mechanism in July appear effectively to have placed the final nail in the coffin of the Maastricht treaty. Europe badly needs *to take a new economic direction*, but no one seems to know what it should be.

But there is one option which most EC member countries appear determined to rule out: enlargement to the east. A senior diplomat from one of the EC's largest southern European member countries *confirmed last week both that the Maastricht* timetable for monetary union was impossible but that his country had no option but to try to stick to it. As for switching the agenda from monetary deepening to membership widening, his response was an emphatic No.

At first sight, the reason for this adamant opposition to eastward enlargement seems obvious. Poland, the Czech Republic and Hungary are all endowed with cheap and relatively skilled labour. They thus seem to pose a threat to industrial competitiveness in Spain, Greece, Portugal and Ireland, especially if the potentially highly restrictive east European Association Agreements were to be replaced by full membership of the Single Market.

But the view that the southern *European countries stand to be hurt more if* trade with the east is liberalised is misconceived, as the European Commission has highlighted in a recent study. In fact, the research, conducted by National Economic Research Associates, the London-based consultancy, finds that the Community's *"lagging" regions (Greece, Portugal, the* Irish republic, northern Ireland, southern Italy and most of Spain) stand to gain most from successful reform in eastern Europe and the former Soviet Union.

In the short-term, the Commission report estimates that the EC area would be a net loser from open trade if reforms succeeded, although the fall in output would be a tiny 0.2 per cent. As east European imports of manufactures and agricultural goods grew, so the net impact of open manufacturing trade would turn positive, and outweigh agricultural losses. By the year 2010, the report estimates total EC output would have risen 0.8 per cent.

But the poorer, lagging, regions are net beneficiaries from the beginning, with Greece, southern Italy and Spain reaping most of the benefits. *Output is projected to* rise for all the main categories of manufactures in the lagging regions, with the exception of iron and steel. And the projected gains in manufacturing output are substantial – 0.4 per cent by 1995 and 2.2 per cent by 2010. For Spain and Portugal, *this relative success is almost entirely* explained by a mix of industries and products which are better suited to the import needs of the east European countries. For Greece, this industry effect is supplemented by its geographical proximity to the emerging markets.

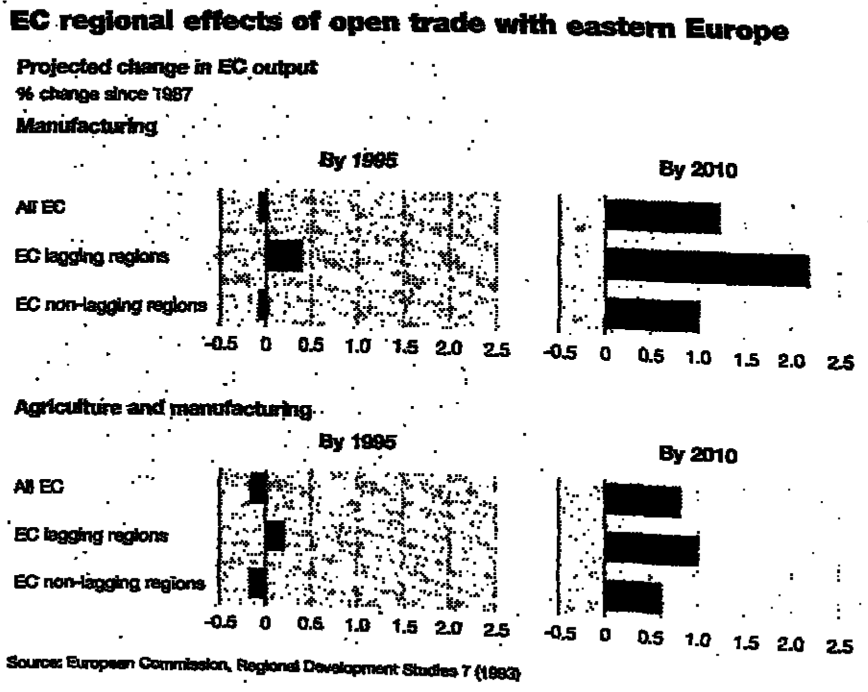
Why then are *the southern European* countries so opposed to eastward enlargement, and determined to stick to the Maastricht timetable? The reason is the EC's Ecu157bn (£120bn) aid budget. Over the period 1994-99 the EC plans to distribute Ecu141.5bn in structural funds to the EC's backward regions. A further Ecu15.5bn should be paid out by 1999 to Ireland, Spain, Portugal and Greece through the cohesion fund as compensation for signing the Maastricht treaty.

But allowing the east or central European countries to join the Community would undermine southern Europe's claim on this aid budget, while recognising that the Maastricht timetable is dead removes the rationale for the cohesion funds. The risk for the EC is that locking the east European countries out may mean an even larger aid burden if reforms fail. But this is a threat that the southern European countries appear unwilling to contemplate.

Edward Balls

Trade and foreign investment in the Community's regions: the impact of reform in central and eastern Europe. Commission of the European Communities, Regional Development Studies No 7.

EC regional effects of open trade with eastern Europe



Source: European Commission, Regional Development Studies 7 (1993)

INTERNATIONAL ECONOMIC INDICATORS: PRICES AND COMPETITIVENESS

Yearly figures are shown in index form with the common base year of 1985. The real exchange rate is an index throughout; other quarterly and monthly figures show the percentage change over the corresponding period in the previous year and are positive unless otherwise stated.

	UNITED STATES Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate	JAPAN Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	101.9	96.6	102.2	99.4	83.7	100.8	95.3	101.4	103.3	119.2
1987	105.6	100.7	103.8	96.7	74.9	101.2	92.5	103.1	100.6	123.3
1988	109.9	103.2	106.9	99.1	71.4	102.2	92.3	107.8	96.2	130.0
1989	115.2	108.5	110.0	101.1	75.0	104.9	94.2	114.0	96.1	122.1
1990	121.5	113.8	113.8	104.3	71.8	108.2	95.7	120.1	98.2	109.2
1991	126.6	116.3	117.3	107.8	71.3	111.8	96.8	124.2	101.8	116.2
1992	130.4	117.7	120.2	108.1	70.6	113.9	95.8	125.6	111.1	118.7
3rd qtr.1992	3.1	1.6	2.3	0.7	68.1	2.0	–0.9	0.7	8.9	117.1
4th qtr.1992	3.0	1.6	2.2	–0.8	72.2	0.9	–1.2	–0.1	10.4	122.1
1st qtr.1993	3.2	2.0	2.8	–2.0	74.3	1.2	–1.1	–0.5	7.0	126.1
2nd qtr.1993	3.2	1.9	2.5	–2.6	72.9	1.0	–1.4			135.5
September 1992	3.0	1.6	2.5	1.3	68.1	2.2	–0.9	1.1	6.7	119.1
October	3.2	1.7	2.5	–0.4	70.3	1.2	–1.1	1.2	10.5	121.8
November	3.0	1.4	1.7	–1.1	73.1	0.6	–1.1	1.2	10.4	122.4
December	2.9	1.6	2.5	–1.0	73.3	0.9	–1.2	–1.0	10.3	122.2
January 1993	3.3	2.0	3.4	–1.8	74.4	1.0	–1.1	–3.6	10.1	122.0
February	3.2	2.0	2.5	–2.1	74.8	1.3	–1.0	1.3	7.3	126.5
March	3.1	2.0	2.5	–2.2	74.0	1.2	–1.2	1.0	3.6	129.4
April	3.2	2.4	2.5	–2.4	72.5	0.9	–1.3	2.0	5.4	132.6
May	3.2	2.0	2.5	–2.2	72.6	1.1	–1.5	2.3		134.7
June	3.0	1.4	2.5	–3.1	73.4	1.0	–1.5			139.2
July	2.8	1.3		–2.4		1.6				
August						2.0				

	GERMANY Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate	FRANCE Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	99.9	97.5	103.6	103.7	107.0	102.5	97.2	104.5	101.5	102.9
1987	100.1	95.1	108.0	106.9	110.5	105.9	97.8	107.8	103.0	104.1
1988	101.4	96.2	113.0	106.7	109.9	108.8	102.8	111.1	104.0	101.8
1989	104.2	99.3	117.3	107.7	108.4	112.6	108.4	115.4	105.3	99.8
1990	107.0	101.0	123.6	110.2	110.3	116.5	107.1	120.6	109.5	102.9
1991	110.7	103.4	131.8	114.7	108.4	120.2	105.6	125.6	113.8	101.3
1992	115.1	104.8		121.2	110.5	123.0	104.0	130.3	115.8	104.7
3rd qtr.1992	3.5	1.0	n.a.	8.1	111.2	2.7	–0.9	n.a.	1.8	105.0
4th qtr.1992	3.7	0.5	n.a.	8.2	113.3	2.2	–1.5	n.a.	2.6	108.2
1st qtr.1993	4.3	0.5	n.a.	9.7	113.3	2.1	–2.3	n.a.		109.1
2nd qtr.1993	4.2	–0.2	n.a.		111.8	2.0	–3.3	n.a.		109.3
September 1992	3.6	0.8		4.3	112.0	2.6	n.a.	3.5	n.a.	108.2
October	3.7	0.5		7.8	113.7	2.4	n.a.	–	n.a.	108.8
November	3.7	0.5		10.3	112.4	2.1	n.a.	–	n.a.	108.0
December	3.7	0.5		6.6	113.6	2.0	n.a.	3.6	n.a.	107.9
January 1993	4.4	0.8		12.1	113.4	2.1	n.a.	–	n.a.	108.5
February	4.2	0.5		11.2	113.4	2.1	n.a.	–	n.a.	109.6
March	4.2	0.3		5.9	113.2	2.2	n.a.	3.4	n.a.	109.2
April	4.3	0.1		7.6	113.1	2.1	n.a.	–	n.a.	110.0
May	4.2	–0.3		5.0	111.7	2.0	n.a.	–	n.a.	109.3
June	4.2	–0.4			110.6	1.9	n.a.	2.6	n.a.	108.7
July	4.3	–0.2				2.1	n.a.	–	n.a.	
August	4.2						n.a.	–	n.a.	

	ITALY Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate	UNITED KINGDOM Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	106.1	100.2	104.8	102.7	103.6	103.4	104.3	107.7	104.5	94.2
1987	111.0	103.2	111.6	105.5	104.9	107.7	108.3	116.3	105.9	94.2
1988	116.5	106.8	118.4	109.7	103.8	113.0	113.2	126.2	108.9	101.8
1989	124.2	113.1	125.6	112.3	107.4	121.6	119.0	137.2	113.6	100.9
1990	131.8	117.8	134.7	118.9	108.5	133.3	126.3	150.1	123.2	102.2
1991	140.3	121.7	147.9	131.3	107.7	141.2	133.1	162.4	130.3	105.8
1992	147.7	124.0	155.9	136.8	102.4	146.4	137.2	173.1	132.3	102.8
3rd qtr.1992	5.2	1.9	3.7	2.7	104.4	3.6	2.8	6.2	2.0	105.7
4th qtr.1992	4.8	2.2	2.9	6.5	93.0	3.0	3.1	5.7	–0.6	92.9
1st qtr.1993	4.3	3.1	2.8		85.9	1.6	3.6	4.8	–3.0	92.7
2nd qtr.1993	4.1		3.1		86.9	1.3	4.0	4.9	–3.0	95.2
September 1992	5.1	1.9	3.7	n.a.	100.4	3.6	2.7	5.7	1.1	102.3
October	4.9	2.0	4.1	n.a.	92.8	3.5	2.8	6.3	0.1	93.8
November	4.8	2.2	2.1	n.a.	94.7	3.0	3.1	5.8	–0.4	91.3
December	4.8	2.5	2.4	n.a.	91.4	2.6	3.4	5.4	–1.4	93.4
January 1993	4.2	2.6	2.8	n.a.	88.0	1.7	3.6	5.0	–3.0	94.9
February	4.4	2.9	2.8	n.a.	86.0	1.8	3.6	5.1	–2.7	90.4
March	4.2	3.5	2.7	n.a.	83.8	1.9	3.7	4.2	–3.2	92.4
April	4.2	3.7	2.6	n.a.	84.3	1.3	4.0	5.4	–2.4	95.5
May	4.0		2.6	n.a.	88.0	1.3	4.0	4.8	–4.7	95.5
June	4.2		4.2	n.a.	88.3	1.2	4.0	4.7	–2.0	94.9
July	4.4			n.a.		1.4	4.1			
August	4.4			n.a.						

Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA from national government and IMF sources, and by JP Morgan, New York. Consumer prices: not seasonally adjusted. Producer prices: not seasonally adjusted, US – *finished goods*, Japan – manufactured goods, Germany – industrial products, France – intermediate goods, Italy – total producer prices, UK – manufactured products. Earnings index: not seasonally adjusted, refers to earnings in manufacturing except France and Italy (wage rates in industry). Hourly except Japan (monthly) and UK (weekly). Unit labour costs: seasonally adjusted, measured in domestic currencies. Germany – mining and manufacturing, other countries – manufacturing industry. Real exchange rate: JP Morgan real effective exchange rate index versus 15 industrial country currencies, adjusted for change in relative wholesale price of domestic manufactures. A fall in the index indicates improved international competitiveness.

fta vision
ears of Congress

Last try for power by former Thai PM

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Engineering groups demand law reform

By David Goodhart, Labour Editor

THE Engineering Employers Federation called yesterday for urgent reform of UK labour law, saying that its complexity was imposing an excessive burden on companies.

The federation, the UK's largest industrial employers' group, says in an internal paper that the law should be overhauled to strike "a fair balance between the employment rights of individuals and the requirement to promote successful businesses". It is the furthest a leading employers' group has gone in arguing that UK labour law should be put on a new footing.

The government last month passed its eighth important piece of employment legislation since 1980, and the UK is steadily accommodating a growing body of European Community employment legislation.

The paper says on EC legislation that, because of differing legal traditions, a proper balance has not always been struck between adequate implementation and the avoidance of undue burdens on business. It also states that the UK government "opt-out" from the social chapter of the Maastricht Treaty "will only provide limited protection for UK employers". Because of that, the federation continues, the UK government should seek to negotiate on all EC employment proposals.

Other UK employers' organisations, such as the Institute of Directors, are pressing for further labour legislation in the UK including a ban on strikes in essential services.

The Engineering Employers Federation argues that legally-backed codes of practice should supersede the present complex mix of statutory provision and case law. Such codes would bring the UK closer to the codified systems of labour law elsewhere in the EC.

The paper says: "Regularly updated codes of practice, with greater authority than previous case law, should cover all the main areas of individual statutory rights."

The paper also says laws covering maternity rights, redundancy dismissals and the EC-inspired Transfer of Undertakings (Protection of Employment) regulations are particularly complicated.

Another target is the industrial tribunal system which, the federation says, "is getting bogged down with excessive delays, long hearings and legal complexities".

Mr Peter Reid, head of employment policy at the federation and one of the paper's main authors, said simpler and clearer laws would benefit employees and employers.

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French invest in London

By Vanessa Houlder, Property Correspondent

TWO FRENCH insurance companies have paid £62.5m for an office building in London's St James's Square in one of the largest property transactions this year in the West End of the capital.

The deal illustrates the prominence of overseas investors in the UK property market. Buyers from outside the UK are likely to spend about £1.75bn on UK property this year compared with £1.33bn in 1992 according to DTZ Debenham Thorpe, property advisers.

The building in St James's Square has been acquired by GAN and UAP, two of France's largest insurance companies, from Kumagai Gumi, the Japanese developer, on a yield of just under 7.5 per cent.

The 70,000 sq ft of offices – occupied by Grand Metropolitan, the food, drinks and retailing group – generate an income of £4.75m a year from one of the highest rents in London. Grand Metropolitan has a 25-year lease agreed in 1990.

DTZ Debenham Thorpe says demand for UK property is the highest for at least five years. The firm adds that overseas investment in UK property totalled £837m for the first half of 1993 – about the same as in the last six months of 1992.

Hong Kong and Chinese investors have been the most prominent source of demand, accounting for nearly a quarter of investment so far this year. Investors from the Far East have spent £195m for the first half of 1993 compared with a 1992 total of £63m. Middle East investment is also continuing to grow, with a total of £152m by mid 1993 compared with a £171m total for 1992.

Investors from mainland Europe accounted for 40 per cent of the total spent from overseas on UK property in the first six months of this year.

Directors attack 'outdated' EC policy

By Michael Cassell, Business Correspondent

THE INSTITUTE of Directors has launched a fresh attack on EC social policy, describing it as a "misdirected and damaging job-destroying machine".

The institute says in a submission to the European Commission that the EC's social chapter and social action programme are based on "outdated and undemocratic collectivist policies geared to the rights of organised labour".

Mr Peter Morgan, institute director-general, called for EC member countries to be "set free from the shackles of social policy, which makes the labour market inflexible and European business uncompetitive".

Mr Morgan added: "The biggest problem in Europe today is 17m unemployed. The focus of future EC social and employment policy must be to get these people back into work, an objective which will not be achieved by Europe's anti-employment laws and an even heavier burden of regulation and social cost on the job creators."

Britain in brief

Freeze on 'green rates' is deplored

The UK food industry attacked a European Commission decision to freeze fluctuations in "green" currency rates until the end of this month to protect farmers from losses.

The "green" money rates provide a mechanism for translating EC-guaranteed farm prices into national currencies.

The Food and Drink Federation said in a letter to the Commission: "The system must be transparent and predictable for as long as it exists. It is of great concern that the rules agreed last December should be changed arbitrarily."

Mr John Bradbury, group buying director for United Biscuits, said: "It's absolutely abominable. We now face a month of complete uncertainty over our input prices with no idea what may happen at the end of that." The issue will be discussed at a meeting of agriculture ministers on September 20 at which Mrs Gillian Shephard, the agriculture minister, is expected to oppose a continuation of the freeze.

Warning to regulators

Utility regulators should pay more attention to consumer interests before trying to introduce greater competition into household utility services because the benefits are far from clear, the National Consumer Council says.

The results of privatising the gas, water, electricity and telephone industries have been very mixed and the consumer's interests have not always been served as well as those of the business user or the shareholder, the council adds. "The regulators should carry out proper cost/benefit analyses of the effects of introducing competition into these services. These analyses must include the implications for domestic consumers."

Accountancy board accused

Ernst & Young, the UK's third largest accountancy firm, launched an outspoken attack on the Accounting Standards Board's plans to reform rules governing financial reporting.

An Ernst & Young report accuses the board, the accountancy standards-setter, of heading in the wrong direction with its reforms, ignoring critics and diverging from international standards.

Mr David Tweedie, board chairman, retorted yesterday: "Most of what we are doing is just catching up with standards elsewhere in the world."

Bus route to fortune

A group of bus drivers will make a profit of more than £100,000 each through the forthcoming flotation of Badgerline Group, a company based in south-west England that has grown into one of the UK's biggest providers of local bus services.

The company, which operates 2,300 buses and coaches in Midlands, south Wales and the south of England, will be floated on the stock market in November with an estimated value of £100m.

Blast tragedy

A woman died and four other people were injured today as two blocks of flats built in the 1960s were demolished in an explosion which rocked the Gorbals district of Glasgow in Scotland. The 61-year-old woman, at first thought to have suffered a heart attack, was later believed to have been hit by debris.

Part of one of the 22-storey blocks remained intact after what was described as the largest controlled explosion since 1945.

Iraq inquiry judge examines 'a very murky crystal ball'

How much did the government know about arms sales? Jimmy Burns and Robert Peston report

WHEN, if ever, is it justifiable for ministers and civil servants to lie "in the public interest"? That thorny question is at the heart of an inquiry, which resumes today, into UK sales of arms to Iraq.

Never before have the workings of Whitehall been subjected to such detailed scrutiny.

The inquiry, headed by Lord Justice Scott, was launched last November by Mr John Major, the prime minister, after it was disclosed that the government had tried to withhold vital evidence from the trial last year of three executives of Matrix Churchill, a Midlands-based machine tools company.

Lord Justice Scott says that, when he started the inquiry, it was like "looking into a very murky and inaccurate crystal ball".

One senior official said: "Scott does not seem to understand what I would call a principle of government ... This is that you don't tell a lie, but you don't have to open up completely ... There have been occasions when ministers have felt honestly that it is wrong to open up the 'dossier'."

Another civil servant, who has appeared as a witness before the inquiry, said of the cross-examination he had received: "It was a most uncomfortable experience, a clear clash of cultures ... the judge seems unable to understand the political, diplomatic and commercial realities existing in the 1980s."

Lord Justice Scott is making life equally uncomfortable for past and present ministers. He has asked Sir Patrick Mayhew, the former attorney-general and current Northern Ireland secretary, whether he was part of an alleged cover-up to prevent evidence coming to court about UK involvement in the building of an Iraqi "supergun". Scott will soon also interrogate Lady Thatcher, the former prime minister, and Mr Major on what they knew of UK sales of arms to Iraq in the 1980s.

In the trial of the Matrix Churchill executives, the defendants might have been convicted of illegally supplying arms to Iraq if the UK government had succeeded in withholding evidence. The prosecution abandoned the case after the judge rejected the government's request to withhold classified documents in the public interest.

The documents disclosed that the departments of trade and industry, defence and the Foreign Office had known about Matrix Churchill's business with Iraq in the mid 1980s, in apparent contravention of stated government policy that the UK would not export equipment that "would significantly enhance" the conflict at that time between Iran and Iraq.

In the light of such events, the Scott inquiry is now focusing on such questions as:

- Did the government deliberately lie to parliament by saying there was an embargo on the sale of arms to Iraq while secretly encouraging such sales from the mid 1980s until shortly before the invasion of Kuwait in 1990?
- Who among ministers and Whitehall officials was responsible for the alleged deception?
- If the government did lie to parliament, was that justified? On the other hand, was the alleged misleading of parliament the consequence of a culture of dishonesty within the highest reaches of Whitehall?

Not since 1983, when senior diplomat Lord Franks probed the UK's handling of the Falklands conflict with Argentina has the machinery of government and the process of formulating defence policy been examined so publicly.

Franks's report largely exonerated the government of any direct blame. Senior officials fear the outcome of the Scott inquiry could be more far-reaching. One senior civil servant commented: "There has been an attempt to pass it [the handling of Iraqi policy] off as a 'cock-up', but I'm dubious about this ... It does seem to me that we were keen to sell arms to Iraq and there was a certain amount of bending of the rules."

Lord Justice Scott has said he believes government is often surrounded by an unjustified veil of secrecy. "I think the government should be prepared to share with the public, on whose behalf it governs, its concerns and aims and the reasons why important decisions are taken."

But some fear that his findings will not be understood by the public. One official, a former permanent under-secretary of state at the Ministry of Defence, said: "An inquiry by a High Court judge is not the best way of doing this ... He may bring out the facts, but my doubt is whether he really understands about the day-to-day business of government where things, if not quite murky, are not clear cut."

Observers such as Alex Danchev, professor of international relations at Keele University, who wrote an analysis of the Franks report, claim the cross-examination of witnesses in public is proving a healthy corrective of what he believes is the abuse of power. "Civil servants after Scott are going to find it much more difficult to behave simply like handmaidens of government."

His view finds support from a senior Foreign Office official, who has appeared before the inquiry. He said: "I think what Scott is pointing out is a Whitehall culture which, because of its inherent secrecy, is prone to make mistakes ... We have tended to confuse service to ministers with the national interest."

Whitehall could become more open and accountable after the inquiry. But whether there will be disclosures that could lead to the resignation of ministers is uncertain.

New home for MoD personnel

The Ministry of Defence has awarded a £100m contract to **JOHN MOWLEM CONSTRUCTION** for the 'shell and core' construction work at the new Procurement Executive headquarters at Abbey Wood, north Bristol.

The new headquarters will bring together staff currently housed in nine different London buildings as well as sites in Bath, Portsdown and Portland. Annual running cost savings of up to £40m are estimated along with manpower savings of a further £35m a year.

This contract will involve construction of the new headquarters buildings and is expected to provide a considerable boost for the construction industry and the local economy. *Much of the* workforce will be recruited from the Bristol area and a number of local sub-contractors will also benefit.

Construction work will begin next month and is scheduled for completion in 1996. Interior fit-out work is not included and will be subject to further competitive tendering. The Procurement Executive will begin to occupy Abbey Wood from Autumn 1995 as the office accommodation becomes available.

John Laing Construction is currently developing the infrastructure of the site and the whole scheme is being managed by Symonds Construction Management.

Foundations

CEMENTATION PILING & FOUNDATIONS has won new contracts worth £6m. The largest is for piled foundations for a waterside cold store development at Tilbury Docks. More than 1,800 cast in situ piles will be constructed to depths of up to 21 metres with over one third being founded in the concrete inverts of the infilled dock and lock structures.

Consultancy

TURNER & TOWNSEND has been awarded the cost consul*tancy role for the £55m first* phase of the new headquarters building for Scottish Widows at Port Hamilton, Edinburgh.

Restoring Welsh landmark

A team of divers working in some of the most feared tidal conditions in the world, at depths of up to 40 ft, are helping to repair the 80-year-old Mumbles lifeboat station on the Welsh coast.

The five divers are part of a team of concrete experts and technicians from **TARMAC STRUCTURAL REPAIRS**, restoring the time-ravaged structure supporting the lifeboat house, slipway and walkway.

The £500,000 contract is the seventh to be awarded by the Royal National Lifeboat Institution to the company for structural repair and strengthening of some of Britain's most famous lifeboat stations.

The tidal range around the Mumbles headland approaches 10 metres and the tidal currents generated in the Bristol Channel frequently allows only brief spells for the divers to work below sea level on the base of the structure, which was completed in 1914.

Diving and repair crews operate from a barge, which provides a 14-metre long working platform with 18-metre long jack-up legs embedded into the sea bed.

A mobile crane installed on the barge lifts goods and equipment on to the working platform.

The lifeboat station at the Mumbles on the Welsh coast

The divers, working in relays against the clock, use air lines from powerful suction pumps to remove sand from around the pile supports, which are buried to a depth of six metres in the sand of the sea bed. Specifically designed fabric jackets are then placed around the exposed piles and filled using underwater concrete.

Automated warehouse in Barcelona

McGregor Cory, the European logistics and distribution specialist, has awarded **TILBURY DOUGLAS CONSTRUCTION** *an £11m contract to design and* build an automated warehouse in Barcelona. The multi-client facility is believed to be the first of its type in Spain, combining a 9,300 sq metres high-bay store with a 11,300 sq metres conventional low-bay area.

Tilbury Douglas designed the distribution centre around the racking and mechanical handling systems. The design, supply and installation of the computerised mechanical handling *system are all part of the con*tract which is being carried out by Cleco as sub-contractor. Twenty loading docks are included in the design.

Goods in the main high-bay warehouse will be handled by automated computer controlled cranes linked to front loading bays. The adjoining low-bay area will incorporate a controlled temperature area for storing food products. Office facilities, a fork lift truck maintenance area, and other *ancillary buildings will also* be provided.

The warehouse will be completed in September 1994. It will be the first building in a new business park, whose existence is partly attributable to the distribution centre.

Tilbury Douglas is working in joint venture with Spanish contractor Jotsa.

Developing offices in Knightsbridge

TROLLOPE & COLLS, part of Trafalgar House Construction, has been awarded two contracts in central London worth £20m.

The largest is for two six-sto*rey office buildings at 25 - 31* Knightsbridge for Knightsbridge Commercial Development.

Designed by architects, Hunter & Partners, one of the buildings will be the new headquarters for the National Farmers Union.

The National Farmers Union *previously occupied the six-sto*rey building on the site which was constructed by Trollope & Colls in the 1960's.

In Oxford Street, Trollope & Colls has won a £5m contract to reclad and refurbish Wells House at numbers 134/140 for the Prudential Assurance Company. Precast concrete clad*ding will be removed from two* of the 1950's building's facades and replaced with lightweight aluminium curtain walling.

Bracknell shopping project

Bracknell Forest Borough Council has selected **HIGGS & HILL** as its new development partner for the £50m redevelopment of the Easthampstead retail site in the heart of Bracknell town centre. The proposed retail development will provide around 200,000 sq ft of additional shopping and 400 covered car parking spaces with direct access off the Ring.

The development will comprise two anchor users, either department or variety stores, as well as 30 smaller shop units. The scheme will link the High Street and Broadway to complete the development of the town centre, giving great visual impact from the ring road.

The area is currently occupied by a magistrates' court, police station, post office, library and borough council offices.

All will be relocated into new accommodation for which most sites have already been identified.

Social housing

KIER NORTH EAST, part of the employee-owned Kier Group, has been awarded a £6.7m contract to design and build 173 dwellings at Stonegate 'A' Housing Development, Meanwood, Leeds on behalf of Leeds Federated Housing Association.

Work has started on the project, which comprises two, *three, four and five-bedroom* houses, one and two-bedroom flats, shared housing units and three and four-bedroom bungalows for wheelchair users.

External works include car parking areas, boundary walls, hard and soft landscaping, footpaths, fencing, external services and drainage with completion due in July 1995.

Management

Asda Stores has appointed **BOVIS NORTH** to carry out a construction management project worth £8.2m in Burnley, Lancashire.

Work involves a store with a restaurant, an independent *pharmacy, a 650-space car* park, petrol filling station and the re-design of the surrounding infrastructure.

Carr accelerates to find finance director for Amber Day

Amber Day, the discount retailer which has been racked by boardroom ructions for the past year, has appointed Keith Paskins, 48, as finance director.

Paskins is well known to Peter Carr, 52, an experienced retailer who took over as chairman of Amber Day in August. Paskins is a former finance director of Galerias Preciados, the Spanish stores group where Carr was chief executive from 1988-91. Before that Paskins worked on financial systems for the stores group Debenhams, where Carr was managing director.

Carr says the Glasgow-based chain of 52 What Everyone Wants stores would benefit from Paskins' expertise, but adds: "It's most important that he's a retailer first and *then* he's an accountant. It's rare to find an accountant with a merchant's attitude."

Paskins takes the role vacated by David Thompson, who become chief executive of the company last month after a boardroom tussle which saw the departure of Stacey Ellis as chairman only seven months after he joined the discount retailer in an attempt to rebuild its shattered credibility with the City.

Thompson had been acting chief executive since the sudden departure last year of Philip Green, Amber Day's controversial chairman and chief executive.

Sir James Glover, the former commander in chief United Kingdom Land Forces and a non-executive director of BP, has been appointed chairman designate of the as yet unnamed company which will be responsible for building and operating the new Royal Armouries in Leeds.

Christopher O'Boyle (above) is appointed chief executive designate and moves from the Prudential where he was director of professional technical and property management services. They are actively seek*ing funding from the public* and private sectors to enable building work to start soon. The museum to be built in Leeds will hold and display a large part of the UK's collection of arms and armour; its present repository, the Tower of London, has run out of space.

■ Peter Carter is to become the new deputy to Stephen Littlechild, the director general of Offer, the electricity regulator. Carter, 47, is a former diplomat who dealt *inter alia* with fisheries policy before moving to the Department of Energy. Earlier this year, he was appointed Offer's deputy director general for Scotland.

He replaces Penny Boys who is to become head of the DTI's personnel division.

Non-executive directors

■ The Royal Mint is increasing its number of non-executive directors from two to three, all from the private sector. The two new members are Gisela Burg, managing director of Expotus, an exporter of UK audio industry products, and Sidney Taylor, TI's director of worldwide manufacturing systems and technology.

They join Stuart Cameron, an ex-chairman and chief executive of Gallagher, the tobacco company. His fellow non-executive director, Joe Burnett-Stuart, formerly with Robert *Fleming*, has retired.

The Mint, which made an operating profit of £11.8m in 1992-93, became an executive agency in April 1990 and is now undergoing a Treasury review of its status. It says there are "no current plans" for its privatisation.

■ **Independent Pension Consultants, the Glasgow-based company which acts as an independent trustee of employee pension schemes, has appointed Ian Bankier its non-executive chairman. Bankier is one of Scotland's best known corporate lawyers. He resigned as partner of the Glasgow solicitors McGrigor Donald in February to pursue his own interests as a consultant to plcs. He is on the board of Murray Johnstone Development, a venture capital company which is part of the Glasgow fund management group, and advises other companies.**

Independent Pension Consultants was set up 20 months ago by Neill Fraser, formerly with Murray Johnstone. David Bowes-Lyon, a director of Hill Samuel Scotland who ran Union Discount's Edinburgh office until it was closed last year, becomes a non-executive director.

■ The Altrincham-based engineering and aerospace group Brammer has appointed Robert Hough, 48, as a non-executive director, following the retirement at the June agm of Jim *Barker*.

Hough, like Barker, a lawyer with extensive corporate and commercial experience, is originally from the north-west, though he migrated to Bristol to pick up his law degree.

He is also chairman of the Manchester Ship Canal company, 82 per cent of which is owned by the nationwide property company Peel Holdings, of which Hough is deputy chairman. The Manchester Ship Canal company keeps him busy; it has recently got planning permission for a 1m sq ft shopping centre at Dumplington, on ship canal property.

■ **Sir Peter Michael**, former chairman of Cray Electronics, is appointed chairman of CLASSIC FM on the retirement of Henry Meakin.

THE WEEK AHEAD

ECONOMICS

UK braced for inflation indicators

THIS WEEK brings a string of UK economic figures covering inflation, unemployment and manufacturing output.

With many economists predicting that inflation has hit bottom, the retail prices index on Wednesday will be of particular interest.

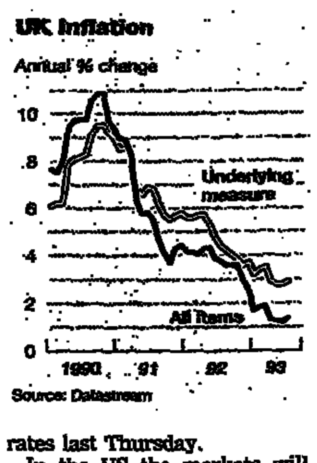
A commonly-held view among London-based analysts is that the headline rate reached a trough in June, when the inflation rose just 1.2 per cent year-on-year. In July it notched up to 1.4 per cent and the median forecast for August is 1.5 per cent.

The more important underlying rate, excluding mortgage interest payments and which the Treasury aims to hold within a target range of 1 per cent to 4 per cent, is forecast to remain unchanged at 2.9 per cent.

Other inflationary indicators include the producer prices index today and average earnings figures on Thursday, which are published with unemployment figures on Thursday.

There are fewer figures of note in continental Europe although second quarter GDP figures for France, released on Friday, are expected to confirm that the French economy contracted, if marginally.

Germany sees little action this week following the Bundesbank's move to lower key rates last Thursday.



In the US the markets will spotlight August consumer prices, retail sales and industrial production.

The most important economic statistics and events of the week follow. The figures in brackets are from MMS International, the financial information company.

Today: UK, August producer prices index, input (up 0.2 per cent on month, up 6.8 per cent on year), output (flat on month, up 4.2 per cent on year), excluding food drink and tobacco (up 2.6 per cent on year).

Canada, August consumer prices index (up 0.1 per cent on month, up 1.7 per cent on year).

Spain, August consumer prices index (up 0.6 per cent on month, up 4.6 per cent on year); social pact talks continue.

Norway, general election; August trade balance excluding ships (NKr3.7bn surplus).

Tomorrow: US, August retail sales (flat), excluding cars (up 0.2 per cent), consumer prices index (up 0.1 per cent), excluding food and energy (up 0.1 per cent), Atlanta Fed index, real earnings; Q2 current account; car sales September 1-10, truck sales same period; Johnson Redbook week ended September 11.

Japan, August trade balance ($7bn surplus); July machine orders; August wholesale prices index.

UK, July industrial production (up 0.8 per cent on month), manufacturing output (up 0.5 per cent on month, up 2.6 per cent on year).

Wednesday: US, July business inventories.

Japan, national holiday – markets closed.

UK, August retail prices index (up 0.2 per cent on month, up 1.5 per cent on year), excluding mortgage interest payments (up 2.9 per cent on year), retail sales (up 0.3 per cent on month, up 3.8 per cent on year).

Canada, August lead indicator (up 0.4 per cent on month).

Thursday: US, July merchandise trade ($10.6bn deficit), exports ($38bn), imports ($48.6bn); initial claims week ended September 11 (320,000); state benefits week ended September 4; August industrial production (up 0.2 per cent), capacity utilisation (81.5 per cent); September Philadelphia index; August monthly money supply; money supply data for week ended September 6.

UK, August PSBR (£3.7bn), unemployment (flat); July average earnings (up 3.5 per cent), unit wages (down 2.9 per cent).

Canada, July merchandise exports (up 0.1 per cent on month), imports (down 0.2 per cent on month), trade balance ($1bn surplus); July building permits (up 2.8 per cent on month), wage settlement increases (up 1.2 per cent).

Friday: Japan, July industrial production, shipments.

France, Q2 GDP down 0.2 per cent on quarter.

During the week: Japan, WPI (down 0.5 per cent on month, down 4 per cent on year).

Germany, August WPI (down 0.1 per cent on month).

Italy, July industrial production, WPI, PPI.

Spain, August M4 (up 13.6 per cent on year); June industrial production (down 4.5 per cent on year).

Emma Tucker

RESULTS DUE

CURRENCY effects should help Inchcape, the international services and marketing group, to report today a rise in half-year pre-tax profits from £117m to more than £140m. The recovery in UK car sales will be balanced by the downturn in the continental European market.

Continuing growth in Hong Kong will also mask more difficult trading conditions in Japan, but the group will be quizzed closely over the future of China's experiment in rapid economic development.

British Aerospace is expected to return to the black when it reports interim results on Wednesday. Analysts expect it to show a small pre-tax profit – between £20m and £50m – against an interim loss of £129m last time. The figures will confirm the company's gradual turnround, although core military profits are likely to show a decline. Losses in the civil aircraft side of the business will be covered by the hefty provisions made last year.

Interim pre-tax profits at Kingfisher, the retail group which includes the Woolworth, Superdrug, Comet and B&Q chains in the UK, and now Darty, France's largest electrical retailer, are expected to rise from £64.9m to between £72m and £85m when the figures are announced on Tuesday. The spread is largely accounted for by different estimates of the contribution from Darty. Analysts are hoping for good news from the French business, and about the performance of Depot, the new DIY warehouse chain. The interim dividend is expected to be lifted from 4.2p to 4.5p.

Monday also sees Dalgety announcing its full-year results. Something between £119m and £123m is expected, though the pre-tax figure will mask a motley collection of divisional results. Agribusiness and ingredients should be good, though the consumer goods, snacks and petcare sides will probably have performed less well in tough and ever more competitive trading environments. The final dividend is forecast at between 12.3p and 13.65p for a total between 20.2p and 21.55p, compared with 19.5p last time.

On Thursday, United Biscuits is expected to report only a modest first-half recovery after the profits collapse inflicted by the US cookie wars a year ago. Forecasts range from £70m to £78m, compared with £70m last time. Any improvement by Keebler, the US snacks and biscuits division, is expected to be offset by margin pressures on McVitie's in the UK and a flat performance by Smiths, the Australian snacks business acquired last year.

Also on Thursday, Laporte, the speciality chemicals group which in January snatched Evode, the chemicals and plastics group from the jaws of Wassall, is expected to report interim pre-tax profits of between £46m and £49m.

Last time it made £41.5m. The City will be looking for signs that the group has put behind it a long period of disappointing earnings growth. There could also be a rise in the interim dividend from 7p to 7.25p.

On Wednesday Taylor Woodrow is expected to swing back into the black with interim pre-tax profits of around £10.5m compared with a £16m loss last year. Last year's loss came after a £21m provision to cover falling housing and commercial property prices and prompted the group to cut its interim dividend to 0.5p – a level which is expected to be maintained.

UK COMPANIES

■ TODAY
COMPANY MEETINGS:
British Bio-Technology, Merchant Taylors Hall, 30, Threadneedle Street, E.C., 10.30
Rexmore, Regent House, Rexmore Way, Liverpool, 12.00
Stonehill Hldgs., Grosvenor House Htl., Park Lane, 10.00
BOARD MEETINGS:
Finals:
Dalgety
FII Grp.
Fleming Emerging Market Inv.
Fosters Brewing Grp.
Kleinwort Development Fd.
Second Alliance Tst.
UK Land
Interims:
Avonmore Foods
Billam (J.)
British Polythene
Candover Invs.
Dewhirst Grp.
EIS Grp.
Estates & General
Forth Ports
Heywood Williams
Inchcape
London Forfaiting
Merchants Tst.
Nestor-BNA
Pendragon
Premier Consolidated Oil
Sharpe & Fisher
Trinity Intl.

■ TOMORROW
COMPANY MEETINGS:
Aitken Hume, Armoury House, Honourable Artillery Company, City Road, E.C., 12.00
Bogod Grp., 109-113, Charterhouse Street, E.C., 12.00
Etonbrook Properties, Churchills, Mount Pleasant, W.C., 12.00
Gibbon Lyons, 22, Coleman Fields, N., 12.00
Kalamazoo, Mill Lane, Northfield, Birmingham, 11.30
Matthew Clark, Clock House, London Road, Guildford, 3.00
Porter Chadburn, Great Eastern Hotel, Liverpool Street, E.C., 11.15
BOARD MEETINGS:
Finals:
BZW Convertible Inv.
British Data Management
Domestic & General
Foreign & Colonial High
Polypipe
Scholes Grp.
Interims:
Bowthorpe
Britannia Grp.
British Aerospace
Clyde Petroleum
Delta
Devro Intl.
EBC Grp.
EMESS
FBD
Fidelity Accumulating
Fidelity Distributing
Finlay (James)
Goal Petroleum
Hartons Grp.
Hewitt Grp.
ISA Intl.
Jeyes Grp.
Kingfisher
LASMO
Lopex
Magellan Inds.
National Express
Quarto Grp.
Russell (Alexander)
Steel Burrill Jones Grp.
Taylor Nelson
Taylor Woodrow
Torday & Carlisle
Trans World Comm.
United Friendly
WSP Hldgs.
Watmoughs (Hldgs.)

■ WEDNESDAY SEPTEMBER 15
COMPANY MEETINGS:
Electron House, 17, Birkheads Road, Reigate, 12.00
Govett American Smaller Co's Tst., Shackleton House, 4, Battle Bridge Lane, S.E., 2.30
Tiphook, Royal Automobile Club, 89, Pall Mall, S.W., 11.00
Tomkins, Four Seasons Hotel, Hamilton Place, Park Lane, W., 11.30
Tops Estates, 77, South Audley Street, W., 11.00
Unit Grp., Bank Street, Golborne, Warrington, 12.00
Wyko Grp., Birmingham Botanical Gardens, Westbourne Road, Edgbaston, Birmingham, 12.00
BOARD MEETINGS:
Finals:
Anglovaal
CALA
Everest Food
Exeter Preferred Cap. Inv.
Gent (S.R.)
Logica
Verity Grp.
Interims:
APV
Bluebird Toys
Bredero Properties
Calor Grp.
Dairy Farm Int. Hldgs.
Dartmoor Inv. Tst.
East German Inv. Tst.
English China Clays
Lambert Howarth Grp.
Matthews (Bernard)
Mirror Grp. Newspapers
OIS Intl. Inspection
Oliver Grp.
Record Hldgs.
Roskel
Savoy Hotel
Try Grp.
Waterford Foods

■ THURSDAY SEPTEMBER 16
COMPANY MEETINGS:
British Bloodstock Agency, Queensbury House, 129, High Street, Newmarket, 12.00
In Shops, 55, Colmore Row, Birmingham, 12.00
London Int. Grp., Grosvenor House Hotel, Park Lane, W., 11.30
MITIE Grp., Stable Block, Barley Wood, Wrington, Avon, 12.00
Nobo Grp., Hammonds Drive, Eastbourne, 10.00
Westport Grp., 32-38, Telford Way, W., 10.00
YRM, 24, Britton Street, E.C., 12.00
BOARD MEETINGS:
Finals:
Dowding & Mills
Pantheon Intl.
Photo-Me
Pict Petroleum
Sirdar
Interims:
Associated British Ports
Bentalls
British Fittings Grp.
British Mohair Hldgs.
Britton Grp.
Davis Service
ERA Grp.
Edmond Hldgs.
Folkes Grp.
Int. Food Machinery
Kingspan Grp.
Kwik-Fit Hldgs.
Laporte
Legal & General Grp.
Mandarin Oriental
Murray European Inv. Tst.
New City & Commercial
Parambe
RJB Mining
RMC Grp.
Sanderson Murray & Elder
Scottish Heritable Tst.
Sheffield Insulations
United Biscuits
Wassall
Whatman

■ FRIDAY SEPTEMBER 17
COMPANY MEETINGS:
English & Caledonian Inv., Charter [illegible] House, 125, West Regent Street, Glasgow, 11.00
Menvier-Swain, Southam Road, [illegible] Oxon, 3.00
Misys, Watermens Hall, 18 St. [illegible] Hill, E.C., 12.00
PSIT, Butchers Hall, 87, Bartholomew Close, E.C., 12.00
Radiant Metal Finishing, 63, [illegible] Road, Bow, E., 10.30
Ransom (Wm.), 104, Bancroft, [illegible] Herts., 3.00
Tinsley (Eliza), Birmingham Chamber of Commerce & Industry, 75, Harborne Road, Birmingham, 11.30
BOARD MEETINGS:
Finals:
Welsh Industrial Inv. Tst.
Interims:
Cannon Street Inv.
Hornby Grp.
Laser Scan
Magnolia Grp.
Martin Currie Pacific
Molins
Nth. Atlantic Smaller
Proudfoot
Renown

Company meetings are annual general meetings unless otherwise stated.
Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

DIVIDEND & INTEREST PAYMENTS

■ TODAY
Bank of Ireland Undated Fltg. Primary Cap. $94.65
Birkby 2.53p
Bulmer (H.P.) 6.4p
Chase Manhattan Fltg. Sub. '09 $137.08
Girozentrale Bank der Ost. Spark. 12¼% Sub. Bds. '93 £122.50
GMAC Australia (Finance) 15¼% '93 A$151.25
Holders Technology 2p
Honeywell $0.2225
Hongkong & Shanghai Bank. Prim. Cap. Undated Fltg. $85.28
Hydro-Quebec 12¾% Ln.'15 £6.375
KG Intl. Trade & Fin. 7% '95 Y700,000
Kubota Fltg. Rate Nts.'97 Y94,000
MBL Finance (Cur.) 8¾% '06 $875,000
MS International 1.5p
Regby Gtd. Fltg. Rate Nts. '97 $14,113.06
Reuters 6.2p
Sapporo Brew. Fltg. Rate '97 Y884,722
Scantronic 2.331p
Stanley Leisure Org. 2.8p
State Bank of N.S.W. 14¼% '94 A$142.50
Temple Court Mortgages (No.2) Class A2 Mtg. Fltg. Rate Nts. 2031 £167.08
Time Warner $0.08
Trizec 9¼% Senior Debs. '95 Ecu92.50
Woolwich Bldg. Soc. Fltg. Rate '94 £154.52

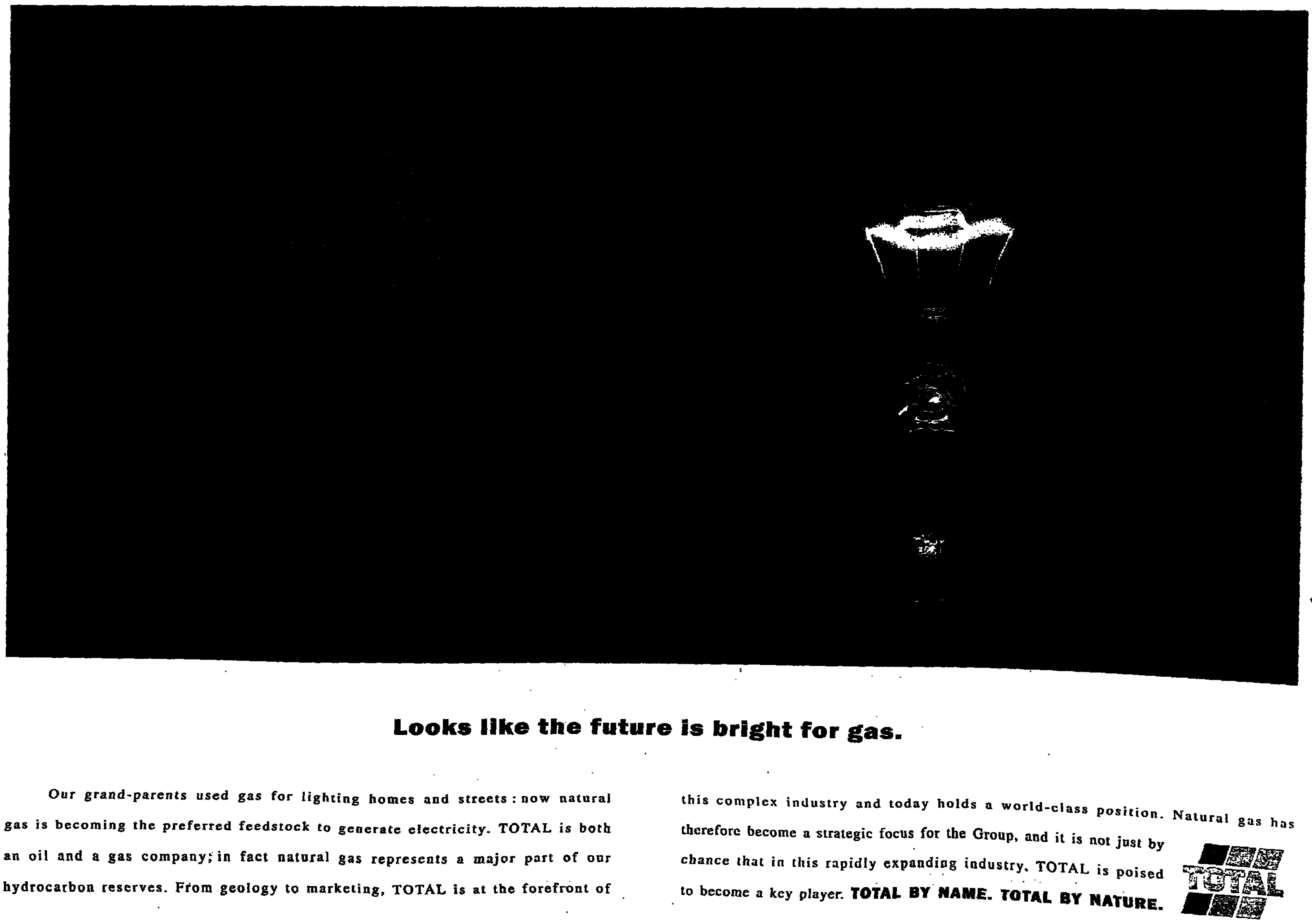
■ TOMORROW
Brunner Inv. Tst. 2.4p
Carlton Comms. A.D.R. $0.2849
Century Leasing (UK) 8.65% Nts. '95 $86,500
Kalamazoo 1.85p
Kirin Brewery Y5
Queensland Treasury 5.3% Nts.'94 Y53,000
Tenneco $0.40
Young and Co's Brewery 9⅝% Deb. '18 £3.61781

■ WEDNESDAY SEPTEMBER 15
Atlantic Richfield $1.375
Bankamerica $0.35
Bear Steams Fltg. Rate Nts. '94 $91.04
Bradford & Bingley Bldg. Soc. Fltg.'95 £152.81
Brunswick Corp. $0.11
Bullough 1.75p
Christiania Bk. Fltg. Rate Sub. '94 $288.33
Do. Fltg. Rate Sub. 2001 $169.31
CSX $0.38
Dana $0.40
Edinburgh Inv. 3.65% Cm. Pf. 1.825p
Gartmore American Secs. 11¾% Db.'14 £5.6875
Gentra Fltg. Sub. Cap. Dbs. 2085 £180.17
Guaranteed Export Fin. 10⅝% Gtd. '01 £1,062.50
KKBC Intl. Fltg. Rate Nts. '94 $195.50
Local Authority Short-Dated Bds. 10⅝% '93 £5.3258
Marubeni U.K. 9⅝% Gtd.'93 $962.50
Midland Intl. Fin. Gtd. Fltg. Rate '99 $255.56
Morrison (Wm.) 5¼% Rd. Cv. Pf. 2.625p
Newcastle Bldg. Soc. 12⅝% PIBS £63.125
Pennzoil $0.75
Province of Quebec 12¼% '20 £6.125
Royal Bank of Canada Fltg. Rate Dbs. 2085 $91.04
Sweden (Kingdom of) 9¾% 2014 £487.50
Thomson Corp. $0.113
Trinova $0.17
TRW $0.47
United Kingdom 6% Funding Loan 1993 £3
Wells Fargo Fltg. Rate Sub. Nts. '94 $134.17
Whirlpool $0.305
Yeoman Inv. Tst. Inc. Shrs. 5.5p

■ THURSDAY SEPTEMBER 16
Agricultural Mort. 7¾% Db. 1991/93 £3.875
Do. 10¼% Db. 1992/95 £2.6398
C.S.C. Investment Tst. 1.5p
Eve 7.3p
Kershaw (A.) 9p
Do. 12½% B Non-Cm. Pf. 1.96875p
Leeds Permanent Bldg. Soc. Fltg. Rate '98 £152.81
Lloyds Bank Series C Var. Sub. Nts. 1998 £165.10
Louisiana Land & Expl. $0.25
Pelican 1.1p
Pfizer $0.42
Rank Org. 31p
Santander Financial Sub. Undated Var. Nts. $2,635.42
Taunton Cider 3.6p
United Kingdom 2% I.L. Treasury 96 £2.03

■ FRIDAY SEPTEMBER 17
American Intl. $0.10
Anglo & Overseas Tst. 1.75p
Bradford & Bingley Bldg. Soc. Fltg. Rate Sub. '05 £16,982.19
Buffelsfontein Gold Mining R1.65
Comben 7¾% Un. Ln. 1992/97 £1.6774
Creighton's Naturally 5.2p
Dudley Jenkins Grp. 2.1p
Elandsrand Gold Mining R0.50
Grootvei Proprietary Mines R0.30
Grosvenor Inns 2.25p
Hankyu Fltg. Rate Nts. '96 Y90,722
Jasmine Tranche A Fltg. Rate 2003 Y1,583,836
M & G Recovery Inv. Tst. 0.85p
Do. Geared Units 0.85p
Do. Package Units 0.85p
St. Helena Gold Mines R0.85
St. Mowden Properties 0.3p
Southvaal R2.05
Stilfontein Gold Mining R0.30
Vaal Reefs Expl.& Mining R6.60
Vektra R0.06
Western Deep Levels R2.55

■ SUNDAY SEPTEMBER 19
Ransomes 5½% Cm. Pf. 1.925p
United Kingdom 11½% Trees. 2001/04 £5.75



CONFERENCES & EXHIBITIONS

SEPTEMBER 14
The Future of European Securities Trading
Major conference to examine the issues arising from the integration of European Securities Markets. Speakers include: Chairman of the London, Paris, Amsterdam, Frankfurt and Luxembourg Stock Exchanges; and senior representatives form Mercury Asset Management and Lombard Odier.
Contact: Alisor Elgar, Dow Jones Telerate
Tel: 071 832 9532 Fax: 071 353 2791
LONDON

SEPTEMBER 17
Marketing & Sponsoring Minority Sports
A one day practical briefing on what to look for, what price to pay and how to package and build up the venture. *Subjects:* rights ownership, sports and media, interview techniques and the incidence of satellite/cable TV.
Enquiries: Sports Solutions,
PO Box 72,
Etchingham TN19 7SS
Fax: (London) 071 490 8788
LONDON

SEPTEMBER 20
Pay and Performance 1993/94
First of CBI/Ernst & Young seminars (12 presentations throughout UK to follow) *presenting details of latest labour market* costs and development supported by case studies.
Contact: Karen Acton
CBI Conferences
Tel: 071 379 7400
Fax: 071 497 3646
LONDON

SEPTEMBER 21
Developing a Strategic Approach to Document Management.
A vital briefing which will explore the key issues in deciding on and implementing a corporate document management strategy. The programme features contributions, user case studies and a state of the art systems demonstration workshop.
Contact: Peter Barnes,
The Infomatics Resource Centre
Tel: 081 871 2456
LONDON

SEPTEMBER 21/22
Introduction to Risk Management
Training course covering derivative markets, Currency options, FRAs, Futures, Interest rate swaps and related products. For Corporate treasurers, bank dealers, marketing executives, financial controllers, *systems* and support personnel. £440 + VAT.
Lywood David International Ltd.
Tel: 0959 565820 Fax: 0959 565821
LONDON

SEPTEMBER 22
Overseas Property Seminar
Ernst & Young's afternoon seminar on the tax considerations of owning and/or purchasing overseas property. At Ernst & Young's office in London EC4.
Contact: Sue Griffiths
ERNST & YOUNG
Tel: 071 931 2618
LONDON

SEPTEMBER 22
Profit Related Pay
A practical guide to the successful design *and application of PRP Schemes.* This conference will examine the different ways in which PRP can be used, will take into account the Revenue's 1992 Statement of Practice and examine the *practical problems already* experienced by employers in implementing PRP schemes.
CONTACT: Vicki Goffin, IBC Legal Studies and Services Limited.
TEL: 071 637 4383 FAX: 071-631 3214
LONDON

SEPTEMBER 23-24
Understanding and Implementing Electronic Mail and EDI
This seminar will provide delegates with a *clear appreciation of the products* available, a business rationale for their implementation and guidelines for their integration into the current business practices of your organisation.
Contact: Peter Barnes,
The Infomatics Resource Centre
Tel: 081 871 2456
LONDON

SEPTEMBER 23-26
The Guardian Education & Jobs Fair
The UK's most definitive careers and education show including a comprehensive seminars programme. Over 140 universities and *higher* education colleges will be exhibiting and promoting a huge range of courses at all levels
Enquiries Fran Foster -
Centre Exhibitions
Tel: 021 780 4141
BIRMINGHAM

SEPTEMBER 24 - OCTOBER 12
Serving the Customer: Is Information Technology a Bridge or a Barrier.
One day interactive workshops: exploring the concept of "Integrated Customer Care" and the challenges it presents for Marketing and Information Technology *Managers/Directors.*
Cost: £250.00 + VAT per delegate
Enquiries: contact: Geraldine Winstour Aust
Avanti Consultancy Services Ltd
Tel: 081 947 8680
Fax: 081 947 8478
LONDON

SEPTEMBER 27
Financial Reporting in the UK
The third FT meeting on the ASB's *proposals for changing accounting* standards in the UK. The conference will review the changes and their impact on reported company profits and balance sheets.
Enquiries: Financial Times
Tel: 071 814 9770
Fax: 071 873 3975/3969
LONDON

SEPTEMBER 27
Working for your Health
CBI/BUPA Conference considers the benefits and challenges for companies in taking steps to improve employees' health. *Rt Hon Virginia Bottomley will outline* the Governments approach to health in the workplace.
Contact: Nicky Martin
CBI Conferences
Tel: 071 379 7400
Fax: 071 497 3646
LONDON

SEPTEMBER 27-30
FIRE '93
The national conference and exhibition for the whole fire protection profession.
The Scottish Exhibition & Conference Centre, Glasgow.
For Free exhibition admission tickets contact Jane Malcolm-Coe,
FMJ International Publications Ltd.
Tel: (0737) 768611
Fax: (0737) 761685
GLASGOW

SEPTEMBER 28
How Much is your Business Really Worth?
An invaluable one-day seminar covering all aspects of valuing your company and its assets. Barrie Pearson, executive chairman of Livingstone Fisher plc is the speaker. Enquiries: Director Conferences 071 730 0022
LONDON

SEPTEMBER 28-29
FURNACES 93
Exhibition and Conferences.
The event for thermal processing specialists.
St. John's Swallow Hotel, Solihull, West Midlands, England.
For free exhibition admission tickets contact Lorraine Rogers, FMJ International Publications Ltd.
Tel: (0737) 768611. Fax: (0737) 761685
SOLIHULL

SEPTEMBER 29
Charities '93 Law, Tax & Finance
Expert guidance on the new mandatory accounting and auditing requirements *which* aim to help charities adopt a more prescriptive approach to their obligations, to improve the understanding of a charity's financial affairs and ultimately to reduce its costs.
CONTACT: Vicki Goffin, IBC Legal Studies and Services Limited.
TEL: 071 637 4383 FAX: 071-631 3214
LONDON

CONFERENCES

SEPTEMBER 29
CROYDON - The Future
Major Conference on economic development. Ashcroft Theatre, Fairfield Halls, Croydon. Speakers on transport, telecommunications, urban design including: *Sir John Harvey-Jones,* Hon Rhiannon Chapman, Stuart Lipton.
Conference Fee: £65.00
Tel: 081-760 5729 Fax: 081-760 5655
CROYDON

SEPTEMBER 29-30
World Mobile Communications
The conference will look at mobile communications growth and technologies together with the challenge of developing a mass market personal communications system.
Enquiries: Financial Times
Tel: 071 814 9770
Fax: 071 873 3975/3969
LONDON

SEPT 29/30 & OCT 1
The Health of Nations 1993
Health of Nations: Demand, Cost & *Efficiency on policy issues and impact on* providers, suppliers and investors. James Watson, Rolf Krebs and Lady Cumberlege address this international conference sponsored by The Wall Street Journal Europe, medical, pharmaceutical, health care bodies, consultancies and banks.
Information: Cityforum Ltd
Tel: 0225-466744
Fax: 0225-442903
EDINBURGH

SEPTEMBER 30
Technology, Exploitation and Investment
This one day conference addresses the major issues involved in preparing the business case for investment in technology and new products. *For further* information contact: Louise Bousfield, Institution of Electrical Engineers.
Tel: +44 (0) 71 344 5467
Fax: +44 (0) 71 497 3633
LONDON

OCTOBER 4
Intelligent Buildings Today and in the Future
Distinguished experts from the field will present an exciting view into the future of Intelligent Buildings and their likely influence on our lives and businesses. *Aimed for strategic decision makers,* architects, engineers, property developers, system manufacturers and suppliers, and others.
Contact: Elaine Taylor.
Tel: 021-331 5113 Fax: 021-356 9915
University of Central England in Birmingham.
BIRMINGHAM

OCTOBER 4-5 & 6-7
Total Quality Management
The Right Way to Manage©
William E Conway
Bill Conway, the first Western CEO to implement the Deming philosophy in the West, will present his Right Way To *Manage Seminar.* People of all levels can learn from his knowledge and turn philosophy into practice.
Mike Gallimore & Associates Ltd.
Tel: (0621) 858058
Fax: (0621) 850972
BIRMINGHAM

OCTOBER 5-6
INPOWER 93
... the 9th Independent Power Generation Exhibition and Conference. Kempton Park Exhibition Centre, Sunbury-on-Thames, Surrey. For free exhibition admission tickets contact Lorraine Rogers, FMJ International Publications Ltd.
Tel: (0737) 768611. Fax (0737) 761685
KEMPTON PARK

OCTOBER 5-6
The Freightconnection Conference & Exhibition '93
A conference examining transport reforms and opportunities affecting road & *railfreight movements in Europe.* Covering combined transport, road charging, railfreight privitisation, channel tunnel developments. Speakers include Roger Freeman MP, Sir Alastair Morton, *Graeme Dunlop.*
Contact: Iain Dale,
The Waterfront Partnership.
Tel: 071 730 0430
Fax: 071 730 0460
MANCHESTER

OCTOBER 6
Review of Local Government Borrowing and Investment
Provides a comprehensive review of Local Government borrowing and investment including legislation, CIPFA Treasury Management requirements etc. Includes cases and strategy. Essential for Local Government Treasurers, Bankers etc.
Contact Investment Education plc.
Tel: 061 833 9656 Fax: 061 834 8050
LONDON

OCTOBER 6
The New Large Aircraft
The new large 600-800 seat aircraft will significantly change commercial aviation. Speakers will discuss technology options and the implications for aviation's infrastructure.
Contact: Royal Aeronautical Society
Tel: 071 499 3515 Fax: 071 493 1438
LONDON

OCTOBER 6/7
Introduction to Options Course - Parts 1 & 2
Day 1: Basic Terminology, Option Pricing, Trading & Hedging Strategies;
Day 2: Volatility, Advanced Trading Strategies, Portfolio Management.
Venue: Cambridge Science Park, CAMBRIDGE. £345 (1 day only), £595 (both days)
Contact: Kathy Page,
Brady Financial Seminars
Tel: (0223) 423250
CAMBRIDGE

OCTOBER 11-12
Unit Trusts: A Trustee Briefing
A complete review of all Unit Trust Operations that Trustees must monitor including Legal Responsibilities, Regulation and Compliance, Taxation, Trustee *Operations* in practice, Pricing and Dealing, etc.
Contact Investment Education plc.
Tel: 061 833 9656 Fax: 061 834 8050
LONDON

OCTOBER 11 & 12
Opportunities for Trade and Investment in the Russian and CIS Gas Industry
The 2nd Annual Russian Gas Conference. Convened by The RIIA, in association with The Centre for Foreign Investment Privatisation, Moscow, Petroleum Intelligence Weekly and Russian Strategic Services Ltd. Enquiries: RIIA Conferences, The Royal Institute of International Affairs, Chatham House, 10 St James's Square, London SW1Y 4LE
Tel: 071 957 5700; Fax: 071 957 5710
LONDON

OCTOBER 11 & 12
Managing the Future
The Management Charter Initiative's (MCI) fifth National Conference will address the practical issues faced by managers as they fight their way out of recession, and look at the skills and qualities that they will need to help their *organisations survive and prosper.*
Tel: 071-872 9000 Fax: 071-872 9099
LIVERPOOL

OCTOBER 11-13
TRANSFORM - The Systematic Approach to Managing Change
This new course, developed by Robert Gilbreath, world leader in change management, is aimed at executives who realise that success today is dependent on having practical methods and techniques for leading change.
Proudfoot Change Management
Tel: 081 948 8333 Fax: 081 940 8293
LONDON

OCTOBER 12
Update on Local Government Finance
A complete review including recent changes in the current situation and structure of Local Government Finance. Essential for Local Government finance executives, Bankers Money Brokers, Housing Associations and Building Societies.
Contact Investment Education plc.
Tel: 061 833 9656 Fax: 061 834 8050
LONDON

OCTOBER 12-14
Raising your productivity through Annual Hours.
One day seminars.
A 'must' for go-ahead companies. Our unique system has achieved remarkable gains. Hear first hand accounts from Tesco Plc and PDO Discs Ltd and learn its scope and application from Britain's leading practitioners.
Contact: Philip Lynch Associates
Tel: (0904) 623703. Fax: (0904) 627538
LONDON & MANCHESTER

OCTOBER 13
Activity Based Budgeting
Scandic Crown Hotel, Victoria
This new and effective approach to *planning, budgeting and control reduces* costs and supports continuous improvement.
Contact: Evanna Morris,
CIMA Mastercourses
Tel: 071 917 9244
Fax: 071 580 6991
LONDON

OCTOBER 13
Pension Funds - 'The Current Challenge'
Remember Maxwell? Should the Finance Director and Treasurer take a more active management role? This conference will discuss guidelines set out by the Goode Committee and provide a valuable source of information on current thinking.
Contact: Charlotte Lambert, Association of Corporate Treasurers
Tel: 071 353 2443
LONDON

OCTOBER 13
Treasury Management for Local Authorities
A review of Treasury products and systems for local authorities and other public bodies such as Health Authorities, Hospitals and Universities. Essential for Treasurers, Controllers and those entering *or supervising these functions.*
Contact Investment Education plc.
Tel: 061 833 9656 Fax: 061 834 8050
LONDON

OCTOBER 14
Customer Profitability
Hampshire Hotel, Piccadilly
Competitive advantage can be gained *through a clearer appreciation of the* relationship between customer service and cost.
Contact: Evanna Morris,
CIMA Mastercourses
Tel: 071 917 9244
Fax: 071 580 6991
LONDON

OCTOBER 14
City of London Derivatives Conference
To be opened by *Dr Henry Kaufman* this Cityforum conference covers the markets, their regulation, maximising their benefits and controlling the risks. Central Banking and The Centre for the Study of Financial Innovation, Swiss Bank Corp, Arthur Andersen and Freshfields sponsor.
Information: Marc Lee, Cityforum Ltd
Tel: 0225-466744 Fax: 0225-442903
LONDON

OCTOBER 14
International Tax Conference
Ernst & Young's annual International Tax Conference, this year on Tax Planning in the Changing Environment, will be held at The Queen Elizabeth II Conference Centre, Westminster.
Contact: Bill Field, Ernst & Young
Tel: 071 931 1313 Fax: 071 242 5862
LONDON

OCTOBER 14-15
Business Performance Measurement: Identifying and managing the drivers of future profitability
A major two-day international management conference on how and why *organisations are broadening their* performance measurement systems to include drivers of future value such as quality, customer service and human capital
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

OCTOBER 14-15
Rail: On Track for Profit
1993 marks the beginning of the end for state controlled rail monopolies in Europe. The conference will discuss the future of the rail industry, Government directives and profit potential for investors.
For further *details* contact: Caroline Carter
Tel: 071 779 8793, Fax: 071 779 8793
LONDON

OCTOBER 18 & 19
International Packaging and the Environment
This conference will look at legislation and the opportunities and problems facing the packaging industry and its customers. Co-operation in the packaging chain, recycling or incineration, and opportunities for new uses of resources will be examined.
Enquiries: Financial Times
Tel: 071 814 9770
Fax: 071 873 3975/3969
LONDON

OCTOBER 18-19
COMEX 93
A three track Mobile Communications International Conference, covering Cellular for the Mass Market, Mobile Data Developments, Wireless Local Loop. Speakers include Jim Norton Radiocommunications Agency, Thomas Wheeler, Cellular Telecommunications Industry Association USA, Alex Arena, Hong Kong Telecommunications.
Contact: Richard Huxley, The Federation *of Communication Services*
Tel: 081-778 5656
Fax: 081-778 8402
LONDON

OCTOBER 19
Gas Transmission in the 1990's
Second annual conference examining gas transmission today. Topics include: gas industry, structure; tariff design: *competition.* Speakers from British Gas, OFGAS, Alliance Gas, EC Commission and Independent Advisers.
ICOM conferences: Tel: 0226 299072
LONDON

OCTOBER 19
Joint Ventures - Tax Efficient Techniques
This conference will benefit those considering entering into, or advising on a joint venture, if they want to learn how to maximise the profitability of the exercise and minimise the leakage of unnecessary tax. The conference will conclude with two detailed case studies, which will draw together the various points made during the day.
CONTACT: Vicki Goffin,
IBC Legal Studies and Services Limited.
TEL: 071 637 4383 FAX: 071-631 3214
LONDON

OCTOBER 19-21
Processing and Packaging Machinery Association: PPMA Show
An exhibition dedicated entirely to machinery for those who process and package food, pharmaceuticals, cosmetics, chemicals, beverages, DIY goods etc. Over 400 major machinery manufacturers exhibiting. MANY NEW MACHINES ON SHOW.
Tickets from Bill Lake
Tel: 081-681 8226 Fax: 081-681 1641
TELFORD UK

OCTOBER 20
Manufacturing Matters Conference & Exhibition
To raise the voice of manufacturing and examine the options for industry before the new Budget. Speakers: Rt Hon John Smith MP, Neil Johnson, Howard Davies, Ian Gibson, Bill Jordan, Sir Alastair Morton, Pendarell Kent, Dr Ken Edwards.
QE II CENTRE Westminster
Information: Julia Hobsbawn Associates
Tel: 071 267 2565
LONDON

OCTOBER 20
Project Management in Practice
How is it possible to prevent its misuse for accounting purposes? What should it achieve? This Conference offers practical advice towards project management in aerospace programmes.
Contact: Royal Aeronautical Society
Tel: 071 499 3515 Fax: 071 493 1438
LONDON

OCTOBER 20-21
Know Your Competitors
Competitor Intelligence & Analysis inc. Benchmarking.
A practical two day seminar/workshop from the UK's No.1 specialists. Practical case exercises, successful case studies. Guest speaker who is head of a major company's intelligence unit.
Contact: Patricia Donnard
EMP Intelligence Service
Tel: 071-487-5665 Fax: 071-935-1640
LONDON

OCTOBER 20-22
Money Market Operations for Public Bodies and Institutions
A practical course on Money Market Operations including the instruments, dealing use of credit ratings, control and legal aspects. Essential for local government and corporate treasurers and bankers to public bodies.
Contact Investment Education plc.
Tel: 061 833 9656 Fax: 061 834 8050
LONDON

OCTOBER 21-22
Environt'l Life Cycle Analysis: Product Impact, Design, Dis-Assembly & Purchasing:
Speakers from: US Envirnt'l Protection Agency; SETAC-Europe; Body Shop; BP Chemicals; IBM; Unilever; Imperial College; Rank Xerox; BMW/Bolney Motors; BPBIF; & the Bird Group. Delegates will split into working groups for interactive sessions. Detailed LCA Guidelines Manual plus Conf. Manual will be provided. An associated event of the Environment Council. Supported by the New Economics Foundation. Contact: Peter Shimell, IBA. Tel: 081 876 3367
Fax: 081 876 3367
LONDON

OCTOBER 21-22
Treasury Management Workshop
Chelsea Hotel
An intensive two day workshop giving a practical overview of the key issues associated with treasury management.
Contact: Evanna Morris,
CIMA Mastercourses
Tel: 071 917 9244
Fax: 071 580 6991
LONDON

OCTOBER 22
Pay: 93-94: Achieving Flexibility
Includes latest performance related pay research, N.I.E.S.R., Templeton College, Abbey National, Hay Management consultants, MSE, East Sussex C.C. New Bridge Street Consultants.
FEE: 225+39.38 vat (Non-Members 270+47.25 vat)
Bookings: 021 452 1030 REF: EZPAF
Enquiries: 071 262 2401
Sheral Wilson - Industrial Society
LONDON

OCTOBER 25
Downsizing *IT*: The Management Challenge
A one-day management conference presenting a balanced view of the major *factors to be taken into account* when seriously considering, planning or implementing a downsizing strategy.
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

OCTOBER 25 & 26
Acquiring and Valuing in Germany
The M&A market in Germany has never favoured the buyer more than at present. This course is designed for those wishing to profit from these developments and who need to gain the skills to make successful acquisitions in Germany.
For further details contact:
Acquisitions Monthly
Tel: 071 823 8740 Fax: 071 581 4331
LONDON

OCTOBER 25-26
Selling Through Strategy
A two day workshop for companies engaged in high value complex sales cycles. Designed for sales people, sales support and management. Subjects include The Selling Process, Buyer Roles *and Mind Sets, Winning* and Needs, Opportunity Analysis, Decision Making Process, Competition, Penetrating Senior Management.
Enquiries: Barnes Associates
Tel: 0565 755714 Fax: 0565 650950
OXFORD

OCTOBER 27-28
Worldwide Settlement Practices: An Overview (Europe, North America, Far East, UK)
A course in half day modules providing an *understanding of the securities settlement* practices in the four areas: Europe, North America, Far East, UK.
Contact Investment Education plc.
Tel: 061 833 9656 Fax: 061 834 8050
LONDON

OCTOBER 28 & 29
Fund Management - The Issue and Opportunities
Win Bischoff, Haruko Fukuda, James Schlesinger, Alastair Ross Goobey and Stanislas Yassukovich are among the distinguished speakers at this topical conference on a vital industry. Extel Financial and Cityforum sponsor with Sun Microsystems and The City Research Project support.
Contact: Cityforum Ltd
Tel: 0225 466744 Fax: 0225 442903
LONDON

OCTOBER 29
Credit Unions:
Financial Services for Employees
British Airways, Glasgow D.C. Birmingham C.C. Raychem
FEE: 190+33.25 vat (Non-Members 228+39.90 vat)
BOOKINGS: 021 452 1030
REF: MZCVF
ENQUIRIES: 071 262 2401
Sheral Wilson - Industrial Society
LONDON

OCTOBER 29
Financial Risk Management For Senior Managers
A one-day workshop designed to provide managers with an understanding of the advantages and disadvantages of "risk" mechanisms for effective financial planning and control. Key issues: Options, Currency, Interest Rate and Market Risk Mechanisms, Legal aspects.
Market experienced presenters. Fee £350.
Contact: Jonathan Groucutt/Barbara Bann, London Guildhall University.
Tel: 071 320 1529
LONDON

NOVEMBER 1 & 2
Restructuring and Refinancing - Emerging from the Recession
Businesses which have survived the recession must now consider both their short and long term strategies. This workshop will equip you with the skills and information necessary to gain a competitive advantage in the post recession market.
For further details contact:
Acquisitions Monthly
Tel: 071 823 8740 *Fax: 071 581 4331*
LONDON

NOVEMBER 1-5
12th International Retail Banking Conference
"New Frontiers in Consumer Financial Services". Three distinct forums: Debit Card Forum/Retail Banking Strategy Forum/Investment Funds Forum. Key *speakers from: MasterCard, Visa,* Europay, Credit Suisse, VSB Group, Wells Fargo Bank, Robeco Group, AITC, Central Hispano and many more.
Contact: Alison Keir, Lafferty Conferences Tel: 071 782 0590;
Fax: 071 782 0595
LONDON

NOVEMBER 3
UK Airports Policy Post Rucatse
A conference examining runway capacity issues, slot allocation, the planning and environmental aspects of future airport needs and regional airport privatisation. Speakers include the Minister for Aviation, Rt Hon The Earl of Caithness and representatives from BAA, the Dtp, British Airways, CAA, Regional Airports, ERM and Coopers & Lybrand.
Contact: Iain Dale,
The Waterfront Partnership.
Tel: 071 730 0430 Fax: 071 730 0460
LONDON

NOVEMBER 4-5
Successful Selling '93 - The Key to Recovery
This two day Conference and Exhibition offers unbeatable value for money. The programme has been created for everyone whose life revolves around selling with twelve key note presentations all focused on effective sales and marketing. Running alongside the conference is our FREE Sales & Marketing Support Shop offering solutions and advice to your sales and marketing needs.
For tickets and info contact the Inst of Sales & Marketing Management Ticket Hotline on 0582 411130
ICC, BIRMINGHAM

NOVEMBER 5
Pension Law Review Committee Report -
Goode Report and linking costs and needs for future pensions. Professor Goode, Smiths Industries, Nabarro Nathanson, W F Corroon, Prudential Life & Pensions. *GMB, Carnegie Third Age Programme.*
FEE: 225+39.38 vat (Non-Members 270 +47.25 vat)
Bookings: 021 452 1030 REF EZOPP
Enquiries: 071 262 2401 Sheral Wilson - *Industrial Society.*
LONDON

NOVEMBER 8
Successful Outsourcing: The Challenge for I.T.
This one-day conference is specifically designed to help senior I.T. and business managers assess the potential value of outsourcing to their organisations and to identify the factors that contribute to the successful selection and management of such arrangements.
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

NOVEMBER 14-16
CBI National Conference
Sessions include - UK Economy, Europe, World Trade, Government/Industry partnership, Training and Employment. Speakers include - Kenneth Clarke, Jaques Delors, Michael Heseltine and John Smith. Contact Special Events department CBI Tel: 071 379 7400 Fax: 071 497 3646
HARROGATE

NOVEMBER 16-17
BPR 93: The 1st annual conference and exhibition on Business Process Re-engineering
Two-day conference outlining the opportunites presented by taking a process view of your business. Senior representatives from leading companies in the US & UK outline how business re-engineering has enabled them to achieve major improvements in corporate performance.
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

NOVEMBER 24
European Air Traffic Management
Will European ATC cope with the single market and the huge potential of Eastern Europe? Speakers will challenge present policy, assessing it against emerging demand.
Contact: Royal Aeronautical Society
Tel: 071 499 3515 Fax: 071 493 1438
LONDON

NOVEMBER 30 - DECEMBER 2
Business in Britain Exhibition and Conference
A 200 stand exhibition and 75 seminar *conference. A one-stop* shop aimed at business managers of companies with up to £25 million turnover. Provides a forum for business advisers and managers planning for and seeking expansion. *Opens on Budget Day.*
Contact: Charles Hornor
Tel: 081-673 7766
LONDON

DECEMBER 7
Tom Peters: Beyond Hierarchy
The Case for Necessary Disorganization
Tom's management books rank No 1 on the N.Y. Times best seller list. Spend a day with Tom - it's not for the faint of heart - it's for renegades, leaders and people who want to turn management philosophy into practice and succeed.
Contact: Fiona Pink,
The Economist Conference
Tel: +44 71 830 1000
Fax: +44 71 409 3296
LONDON

DECEMBER 14-15
Information Highways
An intense two day analysis of advances in networking to support business processes and communication needs of enterprises. Reviews: systems implemented across a diversity of networking technologies; client-server, multimedia; network management; data warehousing; technical presentations; product evaluations and user case studies.
Contact Unicom,
Tel: 0895 256484 Fax: 0895 813095
LONDON

DECEMBER 14-15
Personal Information Management: The Professional and Organisational Dimensions
Enabling and User Technologies; Using PIM Tools such as Personal Digital Assistants. The corporate context of PIM *is presented alongside case studies of* commercially available and near-to-market software. Prestige seminar & exhibition hosted by US Embassy, London.
Contact Unicom,
Tel: 0895 256484 Fax: 0895 813095
LONDON

INTERNATIONAL

SEPTEMBER
International Tax Conferences
Ernst & Young's International Conference Calendar:
9 September: International Tax and Insurance, Helsinki
30 September: International Oil and Gas Tax, Amsterdam
Contact: Michelle Beard, Ernst & Young
Tel: 071 931 2297
HELSINKI/AMSTERDAM

SEPTEMBER 22-24
Intermedia Europe 1993
The third European Conference and Exhibition on Multimedia and CD-ROM, takes place in Wiesbaden, Germany.
For more information, please contact Reed Exhibition Companies, Düsseldorf
Tel:-+49-211-556281
Fax:-+49-211-556231
WIESBADEN

OCTOBER
International Tax Conferences
Ernst & Young's International Conference Calendar:
14 October: International Tax Planning, London
25 October - International Human Resources Planning, San Antonio, Texas
28 October - International Tax Planning, Toronto
Contact: Michelle Beard, Ernst & Young
Tel: 071 931 2297
LONDON, TEXAS, TORONTO

OCTOBER 8
Antitrust and Competition Policy: Developments in the US and Europe
Keynote Speaker: Karel Van Miert, EC Commissioner for Competition Policy. Executive briefing for policymakers and *corporate leaders features officials from* the Federal Trade Commission, Senate Antitrust Subcommittee, US Justice Dept., USTR, Centre for the Study of American Business, Inst. for International Economics and the Business Industry Advisory Council to the OECD.
Tel: 202/347+9292 Fax: 202/628-5498
Contact: Marianna Knight
WASHINGTON, D.C.

OCTOBER 13-15
Opportunities For Trade and Investment in the Black Sea states, Turkey & Central Asia
Conference & Business Forum
Exploring new markets & business opportunities in this rapidly developing region. Individual meetings with ministers from twelve country delegations, TACIS/Legal & Contracts Workshop.
Guest speaker: HR Suleyman Demirel.
Contact: Interforum
Tel: 071 386 9322 Fax: 071 381 8914
ISTANBUL

OCTOBER 14 & 15
Future relations between the European Community and Southern Africa
Important conference-debate on future economic, political, financial and industrial relations between the EC, Southern Africa Development Community and South Africa. Organised in cooperation with the EC (DG VIII), forty top-level panelists will debate the critical issues at stake.
The Club de Bruxelles
Tel: +32 2 771 9890 Fax: +32 2 770 6671
BRUSSELS

OCTOBER 14-15
EUROAID '93 Conference
European Community Aid for Development
Aid Programme opportunities for EC companies *(40 billion ECU by 1999)* in: Africa, Caribbean, Pacific, Asia, Latin America, Mediterranean, Central & Eastern Europe and CIS.
Contact: Société Générale de *Développement S.A.*
Tel: +32 2 512 4636 Fax: +32 2 512 4653
BRUSSELS

OCTOBER 20-24
Venture Capital in Asia
6th Asian Venture Forum
Brings together venture capital managers, financial institutions, professional advisers *and information services. Introduces* strategic and M&A related topics for the first time. Aimed at corporate strategy executives and direct investment professionals. Focus on investing and venturing in China and Pacific rim.
For enquiries contact: Pamela Bussy
Tel: 071 381 8435 Fax: 071 381 6423
(international 44 71)
HONG KONG

NOVEMBER 4-5
Mike Kami on New management Strategies, New Actions for New Times- Revolution, Not Evolution!
Meet personally with Mike Kami--the practical realist who will show you how to be a winning competitor in this fast, fluid and flexible global arena. His credo: Think revolution, not evolution. Don't reform, transform!
Contact: Bill Rauschenbach, American Management Association
Tel: (212) 903-7932 Fax: (212) 713-1652
CANCUN

NOVEMBER 8-9
AMA's Global Finance Executive Briefing
Explore the opportunities of competing in geographically diverse markets. Learn the intricacies and latest trends in global finance from recognized authorities in corporate finance, investment banking, M&A, cross-border buyouts and financial reorganizations.
Contact: Bill Rauschenbach, American Management Association
Tel. (212) 903-7932 Fax: (212) 713-1652
NEW YORK

NOVEMBER 29-30
"Sub-Saharan Oil & Minerals"
Ministerial level speakers from most Sub-Saharan countries. A major investment conference co-hosted by Europe Energy Environment, Gabonese Ministry of *Mines & Energy, Sonangol & S.A.* Chamber of Mines. For details contact: Elina Pothitou, EEE Ltd.
Tel 44-71-493 4918 Fax 44-71-355 1415
CAPE TOWN

NOVEMBER 30 - DECEMBER 2
ESMA
International Knitwear and Clothing Exhibition. Autumn/Winter 94/95 collections for men, women and children. Reserved for trade only.
For further information, please contact: Fiera Milano, Largo Domodossola 1, 20145 Milan. Tel: (+39 2) 49971 Fax: (+39 2) 4997/7179
or in the UK: OTSA Ltd,
Tel: 071-486 1951.
MILAN

NOVEMBER 23-27
11th Rich & Mac
International exhibition of chemistry, chemical equipment for analysis, research test and biotechnology. Reserved for trade only.
For further information, please contact: Fiera Milano, Largo Domodossola 1, 20145 Milan, tel (+39 2) 49971, fax (+39 2) 4997 7179 or, in the UK: OTSA Ltd, tel 071 486 1951.
MILAN

NOVEMBER 23-27
BIAS 93
International exhibition of automation, robotics and microelectronics. Reserved for trade only.
For further information, please contact: Fiera Milano, Largo Domodossola 1, 20145 Milan, tel (+39 2) 49971, fax (+39 2) 4997 7179 or, in the UK: OTSA Ltd, tel 071 486 1951.
MILAN

DECEMBER 1-3
EC - Korea Electronics Industries Forum
Dynamic reforms in Korea offering growing business opportunities for EC companies - a multi-dimensional programme organised by the European Commission and the Electronics Industries Association of Korea (EIAK). Comprising: Plenary Meeting, Technical Presentations/Workshops, Bi-Lateral Meetings, Poster Sessions, Industrial Visits, Secretarial assistance and more.
Contact: EC Secretariat, London
Tel: (+44 81) 660 7290
Fax: (+44 81) 660 7971
SEOUL

Governance goes global

Martin Dickson reports on the spread of shareholder activism

In the annals of business history, 1993 may go down as the year that shareholder activism went global.

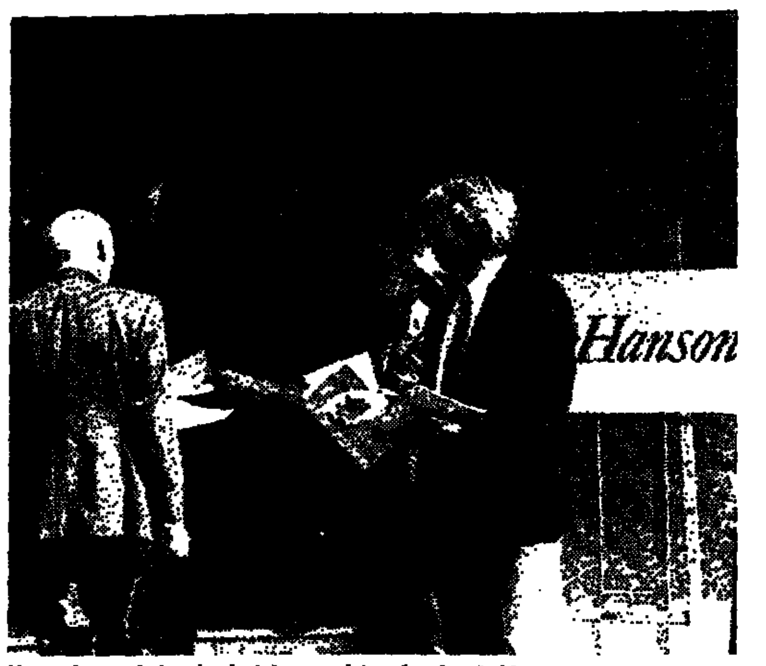
Over the past few months, at annual meetings around the globe, boards of directors have found themselves facing shareholders who take an active interest in the performance and management of the business - and are willing to cast votes against executive resolutions with which they disagree.

This so-called "corporate governance" movement began in the US about a decade ago and has also become well established in the UK. But it has only begun to put down strong roots in continental Europe and Japan in the past couple of years.

A significant landmark came last December at the annual meeting of the German energy conglomerate RWE, when a German shareholder association's resolution for a one-share, one-vote ballot system was strongly supported by the California Public Employees Retirement System (Calpers), one of the most forceful leaders of the US corporate governance movement.

A new report from the Washington-based Institutional Shareholder Services, an independent group which advises large investors on corporate governance issues, says the RWE case is a prime example of an important emerging trend in shareholder voting patterns.

Indigenous shareholder groups are growing up in many countries - ranging from relatively new ones in Australia and Japan to more established European groups - and these are being supported in "proxy" (shareholder voting) matters by increasingly active (and largely US-based) global institutions.



Hanson's egm in London last June: a victory for shareholders

"These groups are beginning to find common ground on a wide range of corporate governance issues, and their efforts have brought these issues to the top of many an agenda," says ISS.

The report is an example of the increasing sophistication of international shareholder voting. It is the first of a regular quarterly series in which ISS will review proxy voting trends around the globe, country by country.

This report covers the April to June quarter - the peak season for annual meetings around the globe - and says the most spectacular international corporate governance event was probably the successful fight by investors in the UK and US to prevent Britain's Hanson group restricting shareholders' ability to nominate directors and amend corporate resolutions.

Other examples of international action during the period include: protests by the pension fund for local employees of Caterpillar, the US heavy equipment company about dividend policies at the shareholder meeting of Nestlé, the Swiss foods group; and the defeat of a proposal giving the board blanket authorisation to issue capital at the Dutch chemicals group Akzo.

The survey notes that a significant factor in the rise of the global movement has been the greater efficiency of global custodian banks, whose local affiliates are the holders of records for clients' shares. They have been putting more effort into obtaining proxy voting materials and English-language meeting agendas, and then taking responsibility for executing votes according to investors' wishes.

However, the report also points to a problem facing investors in Japan, where 90 per cent of listed companies hold their annual meetings on the same day in late June.

This year an unprecedented number of foreign institutions tried to cast votes on this day, yet many of the negative votes cast were never tallied at the meetings. Institutions whose votes were "lost" include Calpers, which is looking for answers.

ISS says this strengthens the view of many foreign institutions that their votes are not being handled properly in Japan. "This is most likely true," it adds, "but as much for reasons of unfamiliarity on the part of Japanese banks as outright sabotage."

. . . but Cadbury leaves a bitter taste

While the corporate governance bandwagon is gaining momentum worldwide, signs of resistance are emerging in Britain.

The problem is not apparent from the numbers. A survey updated last week by accountants Coopers & Lybrand showed that of the 87 FT-SE 100 companies producing annual reports for financial years between December 1992 and April 1993, a record 90 per cent now make disclosures on the subject.

More than 72 per cent also provide some sort of statement of compliance with the code of conduct launched last December by the Cadbury committee on the financial aspects of corporate governance. This is during the period before a statement of compliance became mandatory for quoted companies - for year-ends after last June.

But a number of the reports express misgivings. Commercial Union warns that implementing some aspects of Cadbury's recommendations "may lead to excessively elaborate procedures and disappointed expectations".

"Most of the advice has been long on accountability and short on encouraging efficiency and enterprise," writes Lord Hanson dismissively in his chairman's statement. BTR reports: "The introduction of a code, however well-intentioned, cannot ensure integrity or competence."

There are greater concerns among smaller quoted companies, many of which complain the code is too costly or irrelevant for their operations.

"The majority of companies want to be seen to be endorsing Cadbury whole-heartedly," says David Pimm, director of Coopers' corporate governance support unit. But he adds that many have had difficulties interpreting the code's guidance on how to define "independent" non-executives, for instance.

Some are also concerned about elements of the code, such as the danger that the provision for non-executives to take independent professional advice may represent "a blank cheque".

Most important, under pressure from industry, guidelines have been delayed on reporting two of the most vital elements of the code - the statement on internal controls and on whether the company is a "going concern". There have been more than 17 drafts of the first of these and they are unlikely to be issued until early next year.

The London Stock Exchange - which can threaten to de-list companies failing to provide a statement of compliance with the code - has reassured company directors that they will not have to comply with these aspects until the guidelines are released.

Andrew Jack

TIPS FROM THE TOP

When commitment heads the agenda

In a new series, Sir Richard Greenbury of Marks and Spencer offers advice on conducting a board meeting

The most important factor governing a successful board meeting is the quality of the board itself. If the members of the board are all people with a strong commitment to the company - and a real knowledge and experience of its operations - then constructive discussion will be possible and sound decisions can be reached.

The balance of the board is also crucial and requires the right number of "heavyweight" non-executive directors to bring an independent viewpoint, experienced judgment and knowledge not available within the company. They must have a range of skills complementary to the expertise of those who have made their careers within the business.

In arriving at clear, agreed policy decisions the discussion must be completely free; indeed the more controversial the better, provided it is within the bounds of courtesy

Board meetings must be well-organised, held at regular points in the calendar, and the dates agreed formally at least six months ahead so that no one misses a meeting other than for exceptional reasons. Board meetings can take a long time, so air-conditioned boardrooms, comfortable seating arrangements and modern presentation systems are also important.

There should be a clear agenda determined by the chairman; all relevant papers should be circulated in good time so that everyone comes to the meeting fully prepared. Indeed members of the board submitting proposals for discussion as formal papers should sound out their colleagues privately beforehand, thoroughly explaining their ideas.

Board meetings must not be solemn affairs, although they should always be businesslike. There is a place for humour in the boardroom which helps one and all to keep a sense of proportion. Everyone should respect the authority of the chairman, but there is no need for every remark to be addressed "through the chair" which tends to stifle discussion.

The most fundamental requirement of a good board meeting is that everyone be encouraged to participate and allowed to express his or her views frankly and openly. In arriving at clear, agreed policy decisions the discussion must be completely free; indeed the more controversial the better, provided it is within the bounds of courtesy.

If debate is lengthy the chairman should sum up the main arguments before requesting a decision. Should a vote be necessary, which hopefully is a last resort, the chairman should be the last one to declare his position.

Once a formal decision is reached, directors are bound by law to abide by it. But it is equally important that they also give full and whole-hearted support. Minority views must be forgotten and for this reason particularly every member of the board needs to voice his or her opinion during the meeting, particularly if it is contentious.

Board meetings should be confined as far as possible to taking strategic and policy decisions. Short separate weekly meetings of executive directors can deal with all sorts of matters which otherwise would tend to clog up the board meetings. These would include the current progress of the business, any topical issues and the day-to-day running of the company.

Much can be done between board meetings by sub-committees of board members, supplemented by the relevant experts (for example, for capital expenditure, information technology and personnel). These sub-committees should be given the authority to act within strict terms of reference, reporting the action they have taken or requesting approval for significant decisions.

There is no absolute magic formula. Every company has its own culture and metabolism, and different types of business require separate types of management style and approach from the board. Nevertheless all board meetings have the same objectives and responsibilities towards shareholders, staff and customers, and therefore must be conducted with total integrity as well as efficiency.

Next Monday: Sipko Huismans of Courtaulds on how to make an after-dinner speech.

Architecture/Colin Amery

Council misses the point

I sense a new harmony in the air. Peace accords between formerly intransigent enemies in the Middle East bring an important sense of hope into the world. Will this optimism bring about a sense of rejuvenation instead of conflict in the world at large? Governments are speaking much more of collaboration between sectors of society rather than confrontation.

Only last week the British government talked of restructuring the urban programme with one co-ordinator, in the shape of Mr John Wakeham, to unite and rationalise all the urban inner city initiatives which have recently flowered in a glorious garden of incoherence. The reconstruction of the cities of Britain needs not just a solid alliance between the *public and the private sectors* but also a sense of unified direction that is clearly missing at the moment.

It is hard to get the measure of the assured Mr Selwyn Gummer at the Department of the Environment – I detect that he has a *high level* of concern for his surroundings, not least because he lives in a house designed by S. S. Teulon, one of the most sophisticated and difficult Victorian architects. I wonder whether he will be able to withstand the biased blandishments of the architectural establishment or will he listen to the architects' customers and consumers?

The need in Britain now is not for another development boom that will again take scant regard of the needs of the community, but for a measured and harmonious approach to planning and development in response to some long-term goals.

In the interests of bridge building and harmony and the encouragement of the architectural debate it is worth examining one of the government's more dubious ways of encouraging good architecture through the Arts Council's £200,000 grant programme.

More than a quarter of this money this year has been awarded to one London body, The Architecture Foundation, which is really a centre for fairly arcane exhibitions. A great many of the smaller grants go to the predictable crop of old fashioned Modernist promoters.

An example of the wisdom of *the Arts Council is the decision* to give a modest £1,500 to workshops on the Italian Renaissance and £5,000 for an exhibition about post-war British architecture.

There is practically nothing for architectural history of any serious kind, nothing to help the development industry encourage better design in private housing, but there is the inevitably politically correct donation to the Women in Construction Alliance.

There is an obsessive belief in the minds of art bureaucrats that if there is a hint of public interest in a subject then you must set up a "centre" for it. English Estates has been prevailed upon to give £30,000 towards studies for the establishment of nine architecture centres throughout England.

It is staggering that no grants are given to television, radio, video or other contemporary media that could spread the word about architecture without the need for *offices, personnel, endless committees* and the inbreeding of art bureaucrats that architecture "centres" will inevitably cause.

The pointlessness of so much that this architecture unit has so far achieved seems to make it an ideal candidate for Mr Portillo's public spending cutting knife. It will be no loss.

*

I was fascinated to read that, "the majority of people in Britain know next to nothing about architecture" and only 13 per cent of the 1,000 people questioned by Gallup for the Riba Journal, could name three architects. Sir Christopher Wren was recognised as an architect by 32 per cent of the respondents.

This poll asked loaded questions to encourage the continuing protection of the architect's title. How would you answer the question, "Do you think that anyone should be able to call themselves an architect, regardless of qualification?" Of course you would answer "No". But the deregistration of architects currently under consideration does not suggest that anyone can practice "regardless of qualification". If you ask the right questions you get the answers you want.

*

I am looking forward to the exhibition of the work of that neglected genius of British architecture – Beresford Pite (1861-1934) which opens on 16 September at the Riba Heinz Gallery, 21 Portman Square, London W1, until 23 October.

He was a bridge builder in the sense that his brilliant and more or less unknown buildings attempted to fuse the virtues of Classical and Gothic design in the modern city. He also had a vision of the city and of the need for wholeness and harmony in architecture. *His ideas make a great deal of* sense today at a time when the architectural establishment seems to find it impossible to believe (in spite of Gallup polls) that the public wants inspiration and harmony – not endless repetitions of fashionable and irrelevant nostrums.

British Architectural Library Drawings Collection/Riba

Pite's drawing of St Alban's church, Holborn, is at the Riba Heinz Gallery

Promenade Concerts

Beethoven rolls over for King's

The tradition whereby the penultimate night of the Proms was given over to Beethoven's Ninth Symphony seems well and truly broken. It has to be right that other composers occupy this prestigious date and the choice fell this year on two of England's finest, Byrd and Purcell.

It also – surprisingly – marked the first ever appearance *at the Proms by the Choir* of King's College, Cambridge. One venerable English institution meets another, the choir being the more venerable by some centuries as it dates back to the time of Henry VI. (Interesting to note that the residential choir school at King's and the Royal Albert Hall both date from the 1870s, when the Victorian patronage of music was at its height.)

There is a point to this historical background. For decades after the war, and even longer before, it was the cathedral and college choirs of Britain that kept the flame burning for the sacred music of composers like Byrd and Purcell. But no more: small, fully professional choirs, such as the Tallis Scholars and the Sixteen, have risen to dominance in this repertoire, particularly in recordings.

To hear the King's choir again at Friday's Prom in a selection of Byrd's early Latin pieces came as quite a surprise, not necessarily an unpleasant one. The traditional college sound (sweet treble tone, youthful light basses) is not as focused or concentrated as the professional groups, but it has a natural feel to it. Byrd is hardly likely to have heard his music sung by bands of hand-picked, well-*drilled, potential soloists.*

Under the direction of Stephen Cleobury, its director of music, the choir *gave mostly* tidy and sensitive performances of the Byrd and Purcell's *Come, ye sons of art*. The King's style has never involved much digging for expression and its Purcell was on the wan side, light, stylish, agreeable on the surface, but needing a bit more straightforward punch. Of the soloists, Stephen Varcoe bit into his words with most determination.

In between, London Baroque under Charles Medlam played Handel's Concerto Grosso Op.6 No.6 and accompanied the soprano Lynne Dawson in his motet *Silete venti* – well contrasted pieces, which gave a relatively long programme plenty of variety. Beethoven was not missed.

Richard Fairman

Lit from within by Tortelier

At the Proms last week, the BBC Philharmonic's programme might have been designed to show off its newly dazzling prowess – and why not? From 1934, it used to be the "BBC Northern Symphony" (though the Proms programme-book preferred not to mention that: too reminiscent, no doubt, of routine Radio 3 broadcasts at unfavoured hours). More recently, up to last summer, Sir Edward Downes – a great orchestral trainer – re-made the band entirely; and on Thursday, Yan Pascal Tortelier found himself conducting a brilliantly *capable orchestra.*

Tortelier's father was the great French cellist, Paul. Among conductors in Britain today, only Yan Pascal (and on good nights, the American *Andrew Litton) can boast so* stylish a command of the "impressionist" repertoire. That label is a loose one, covering disparate post-Saint-Saëns endeavours – but distinctively French – from old Fauré (a Saint-Saëns pupil) through Debussy, Ravel and Roussel to "Les Six", Poulenc among them, and even to Dutilleux.

Tortelier has the clue to all that: light-handed poise, precision in rhythms and colours, transparency, a minimum of "expressive" rubato. In Debussy's *Ibéria* those virtues triumphed, in a performance where scrupulous preparation was no less evident than the individual subtleties of the BBC Philharmonic's strong team. Tortelier made his effects, or rather Debussy's, with super-honed tact and grace; they arrived naturally, but always with *ping*. The music seemed lit from within; one heard some of the inner-voice parts and punctuations as if for the first time.

That was intermittently true *of Ravel's two-hand piano* concerto too. If not every sly joke came off, more than enough of them did (well beyond par for this tricky score). The orchestra fairly sizzled, and the soloist Jean-Bernard Pommier tried out any number of pithy, personal ideas. In both those works, however, I kept missing the first violins.

From the FT's regular Albert Hall seats, and probably from *any* seats in Stalls Left since the echo-killing "acoustic mushrooms" on the ceiling were trimmed back last sum*mer, what one sees of the vio*lins is chiefly their right shoulder-blades – and what one *hears* of them, turned almost 90 degrees away, is faint and elusive.

In Lutoslawski's flashy, exhilarating Concerto for Orchestra (1954: the composer has no great opinion of it now), the only fault to find with this Prom performance was that the high strings' silken passages – from where I sat – carried so little weight amid the wind onslaughts.

That left the music with a hard, brassy edge, rawly exciting (it got a fervent reception) but chilly nonetheless. As for Leo Brouwer's guitar-and-orchestra arrangements for Julian Bream, of three numbers from Albéniz's wildly pianistic *Ibéria* Suites, I wished I had heard them on Radio 3 at home. The piano originals are chock-a-block with notes; Brouwer's orchestral translations are apt and sympathetic in principle, but in the Albert Hall they swamped Bream's guitar again and again. They should work far better on CDs.

David Murray

Opera/Richard Fairman

Madama Butterfly

The business of archiving opera has hardly begun in earnest. At a time when productions are expected to be up-to-the-minute in novelty and relevance, it is unfashionable to point out that there is also a case for preserving those thought to have historic value – the Royal Opera's *Tosca* and *Don Carlos* come to mind.

Perhaps a start is being made. To open the new season, the Royal *Opera is bringing back its old production* of *Madama Butterfly*. No reason has been given. It may be that its intrinsic quality makes it a special case. More likely, its replacement was deemed unworthy of further revival. Either way Sophie Fedorovitch's sets from 1950 had fortunately been kept in a warehouse and now look fresh and nicely stylised.

After a production which had Butterfly living in a squalid, modern tenement block, they make one realise how important the right time and place are in this opera. The social *background of turn-of-the-century* Japan is essential if Butterfly is to be an outcast, left to live and die alone. The very privacy of her feelings is what the character is about and it is an irony that Puccini's music should come from the most outgoing, emotive operatic style of all: therein lies the opera's great emotional tension.

At least, in a good performance it should feel like that. This one, though better technically than the Royal Opera's previous revivals, was unmoving. After some of the Puccini conducting heard at Covent Garden of late, Carlo Rizzi's generally idiomatic feel for the score was a step in the right direction. He likes a firm and concentrated Puccini sound and the orchestra played well for him.

Diana Soviero is an American soprano with an Italian-sounding name and voice, like Anna Moffo *before her or Catherine Malfitano* (also a Royal Opera Butterfly) today. The number of times she took breaths to prepare for a top note suggests some degree of strain in tackling the role; otherwise she has sufficient power for it, a cutting edge to the tone, the ability to make the words tell. But I was always aware of a singer and actress at work. Her predecessor here, Yoko Watanabe, was natural and infinitely more touching.

Arthur Davies was again Pinkerton, singing a little more freely than before, *though he continues to look* uneasy in the role. Alan Opie joined him as a mellow, thoughtful Sharpless, both of them sounding overparted in the first act (their roles were taken by Zenatello and De Luca at the premiere, rather more forceful Italianate voices). Anne-Marie Owens's Suzuki alone is all heart, losing none of her warmth in the transfer from English National Opera.

To come out of *Madama Butterfly* and not even to have thought of shedding a tear is a bad sign. The staging by Richard Gregson is said to be new, but it keeps to the obvious until the end, when Butterfly flings her screen aside and writhes around in agony on the floor for all to see, providing a final shock-horror tableau. If there was an archive film from 1950, it *would surely have preserved something* more affecting.

Theatre/Malcolm Rutherford

A slice of Saturday night

A Slice of Saturday Night by the Heather Brothers has joined the long list of musical shows now running in London's West End and may well stay for some time. The best non-sung line *comes at the end* when Dennis Waterman, playing the ageing club-owner, bouncer and performer, Eric "Rubber Legs" De Vene, says of his establishment: "It's one of life's big finishing schools."

Certainly that's the way it seems. People in the 1990s look back at the 1960s just as people who grew up in the 1950s looked back at the 1920s: nostalgia for a romanticised age. *Slice* does not quite repeat the old songs. It consists of a series of derivatives, some of them mildly satirical. It also has just the touch of a clever plot: an unattractive youth, played with the utmost professionalism by Peter Hepelthwaite, wagers that he can make Frigid Bridget (Judith Ellis) before the night is out. He doesn't.

The young pop star, Sonia, sings and plays the 17-year-old Sue with huge assurance. On the first night an audience of all ages was delighted, especially in the second act. It is during the interval that the show takes off.

The Heather Brothers already have *Lust, the musical of The Country Wife*, running at the Haymarket. Tomorrow comes the revival of one of the biggest 1960s musicals of all: *Hair* at the Old Vic.

Strand Theatre, London
(071) 240 0300

Alastair Muir

A slice of the Sixties: Sonia and Danny McCall mix nostalgia and satire at the Strand Theatre

INTERNATIONAL ARTS GUIDE

■ BERLIN

BERLIN FESTIVAL

● This year's theme is Japan and Europe. Zeami-Za Noh Theatre is in residence at the Deutsche Oper from Thurs till Sun. The Tokyo Ballet begins a three-week residency next Tues with the first European performance of a new Béjart work inspired by mythology. Martin-Gropius-Bau has an exhibition entitled Japan and Europe 1543-1929, with more than 500 objects tracing the development of Japanese art and the influence which Japanese and European artists have had on each other.

● This week's concert programme is dominated by two Berlin *Philharmonic performances of* Bruckner's Eighth Symphony, conducted by Klaus Tennstedt at the Philharmonie on Wed and Thurs. Roger Norrington conducts the Chamber Orchestra of Europe and the RIAS Chamber Chorus in an *all-Mozart programme* tomorrow and Thurs in the Kammermusiksaal. Sat: Milan Horvat conducts Berlin Radio Orchestra and Chorus in all-Stravinsky programme. Sun (Kammermusiksaal): Yo Yo Ma plays all Bach's works for cello, starting at noon. Sun evening: Maurizio Pollini plays Beethoven piano sonatas. Next week's concerts feature Claudio Abbado, Andras Schiff, Garrick Ohlsson and Julia Varady.

● At the Schauspielhaus, Michael Schoenwandt conducts the Berlin Symphony Orchestra on Thurs, Fri and Sat in works by Rimsky-Korsakov, Shostakovich and Nielsen, with violin soloist Dmitry Sitkovetsky. A concert by the Cracow Philharmonic on Sun morning includes Szymanowski's Second Symphony.

● The festival runs till Sep 30. The festival office is at Budapester Strasse 48 (information 254890 *ticket reservations* 2548 9100)

OTHER EVENTS

Francisco Araiza sings the title role in Lohengrin on Wed and Sat (also Sep 21 and 24) at Staatsoper unter den Linden, where repertory also includes I Capuleti e i Montecchi and a Béjart ballet evening (200 4762). Harry Kupfer's new production of Rimsky-Korsakov's Tsar Saltan can be seen tonight at Komische Oper, where repertory includes German-language stagings of Cav and Pag, Les Contes d'Hoffmann, Gluck's Orfeo and Handel's Giulio Cesare (229 2555). Theater des Westens has a new production of Cabaret, first night on Fri, with previews tomorrow, Wed and Thurs (3190 3193). Susan Sontag's play Alice in Bed, a biographical fantasy about Henry James' tragic sister, receives six performances at Hebbel Theater starting on Wed (251 0144). The ensemble of the Deutsche Oper is in Japan till mid-October.

■ NEW YORK

THEATRE

● *The Hamlet Festival:* a series of events built around the second-quarto version of Shakespeare's play directed by Randolph Curtis Rand. Also featured are Tom Stoppard's play Rosencrantz and Guilderstein are Dead, weekend cabaret performances of *Arden* Party's Hamlet solo and Gertrude's Revenge by Janice Hoffman. Till Sep 26 (Various venues, 420 1466)

● The First Lulu: Eric Bentley's version of the Wedekind play, presented by Jean Cocteau Repertory (Bouwerie Lane Theatre, 330 Bowery at Bond St, 677 0060)

● Later Life: A.R. Gurney's new play about the reunion after 30 years of a man and woman who were once in love (Westside Theatre, 407 West 43rd St, 307 4100)

● Shakespeare For My Father: a marvellous one-woman show in which Lynn Redgrave views her own life in a search for her unloving father Michael Redgrave, plus reminiscences, impersonations and passages from Shakespeare (Helen Hayes, 240 West 44th St, 944 9450)

● *Angels in America:* the first half of Tony Kushner's epic, freewheeling play about gay life, Reagan-era politics and Mormonism. Not to be missed (Walter Kerr, 219 West 48th St, 239 6200)

● Annie Warbucks: Kathryn *Zaremba, an infant phenomenon* if ever there was one, has the title role in this beguiling sequel to the musical Annie (Variety Arts, Third Ave at 14th St, 239 6200)

● The Sisters Rosensweig: Wendy Wasserstein's play, a comedy with serious undertones, about the reunion in London of three American Jewish sisters (Ethel Barrymore, *243 West 47th St, 239 6200)*

● Kiss of the Spider Woman: a Kander and Ebb musical, based on the novel by Manuel Puig, directed by Harold Prince, with a star performance from Brent Carver (Broadhurst, 235 West 44th St, 239 6200)

OPERA

State Theater New York City Opera's first new production of the season is Tippett's The Midsummer Marriage, conducted by Christopher Keene and staged by Francesca Zambello. This week's repertory also includes Turandot, Madama Butterfly, Carmen and The Mikado (870 5570)

Metropolitan Opera The 1993-4 season opens on Sep 27 with a gala celebrating the 25th anniversary of the Met debuts of Luciano Pavarotti and Placido Domingo (362 6000)

CONCERTS

Avery Fisher Hall The New York Philharmonic Orchestra launches its new season on Sep 22 with a Beethoven and Shostakovich programme conducted by Kurt Masur, *with violin soloist Itzhak* Perlman (875 5030)

Carnegie Hall The season opens on Sep 23 with a concert by the Philadelphia Orchestra conducted by Wolfgang Sawallisch, with violin soloist Midori (247 7800)

JAZZ/CABARET

Blue Note Beginning tomorrow, a double-bill featuring drummer Billy Cobham and his trio, and the Larry Coryell duo, with guitarists Coryell and Vic Juris (131 West 3rd St, near Sixth Ave, 475 8592)

Carlyle Hotel Beginning tomorrow, the Caryle welcomes back Barbara Cook, Broadway ingénue turned *cabaret legend* (Madison Ave at 76th St, 744 1600)

Michael's Pub Beginning tomorrow, Mel Tormé begins an engagement. His two great treasures are his resilient, rhythmically agile voice and his collection of American songbook standards, all good *old-fashioned entertainment* (211 East 55th St, 758 2272)

■ PARIS

MUSIC/DANCE

● Charles Dutoit conducts the Orchestre National de France tonight at Théâtre des Champs-Elysées in works by Ravel, Bartok and Rakhmaninov, with violin soloist Shlomo Mintz (4230 1516)

● The 1993-4 season of the Orchestre de Paris opens at Salle Pleyel on Wed with a Richard Strauss programme conducted by Semyon Bychkov, featuring Maria Ewing in the final scene from Salome (repeated on Thurs and Sat afternoon). In next week's programme, also devoted to Strauss, Margaret Price is soloist in the Four Last Songs (4561 0630)

● A new production of Der fliegende Holländer, conducted by Myung-Whun Chung and staged by Werner Herzog, opens the season at Opéra Bastille on Sep 23, with a cast led by Falk *Struckmann and Sabine Hass.* Roman Polanski's production of Les Contes d'Hoffmann is revived on Oct 9 with David Rendall in the title role (4473 1300)

● The Châtelet opens a Richard Strauss cycle on Sep 24 with the first of five performances of a new production of Der Rosenkavalier, conducted by Armin Jordan and staged by Adolf Dresen. The cast is led by Felicity Lott, Randi Stene and Kurt Rydl, and the orchestra is the Philharmonia (4028 2840)

● The dance season at Palais Garnier opens on Sep 29 with a gala featuring choreographies by Bessy, Lander and Forsythe (4742 5371)

FESTIVAL D'AUTOMNE

The festival opens on Sep 21 with Bob Wilson's stage adaptation of Virginia Woolf's Orlando starring Isabelle Huppert. The production, *first seen last year in Lausanne*, runs till Oct 24 at Odeon-Théâtre de l'Europe (4441 3636). Mauricio Kagel's Variété, described as a concert spectacle for artists and musicians, runs from Sep 22 to 25 at the Opéra Comique in a staging *by Werner Herzog* (4286 8883). The festival, which runs till Dec 30, also includes Büchner's Wozzeck staged by Jean-Pierre Vincent, Giorgio Strehler's touring production of Goldoni's Le baruffe chiozotte and Peter Sellars' modern *English-language version of* Aeschylus' The Persians. The dance programme features Twyla Tharp, Lucinda Childs, Bill T. Jones, Jan Fabre and Anne Teresa de Keersmaeker. The music programme has an American slant, with a *special focus on Steve Reich, John* Adams and John Cage (information: 4296 9694)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

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Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

PERSONAL VIEW

Age of the risk taker

The changed habits of individual investors have raised volatility

What developments might have the biggest potential impact on financial markets? Experts typically cite innovations *such as exotic* derivative instruments or asset securitisation or greatly expanded international trading activity. But in the US at least, arguably the most significant development is the enlarged role of the household sector as a financial risk taker.

Millions of people have branched out from passively holding bank deposits and indirectly owning securities through such intermediaries as pension funds to becoming direct participants in financial markets – and thus are exposed to risks beyond those they are accustomed to.

In 1978, American individuals, farmers and small businesses held about 40 per cent of their total assets in deposit form. By the first quarter of 1993, the share of deposits and money funds with no capital risk had dwindled to 24 per cent of total financial assets. In 1978 Americans held only about a third of their total financial assets in instruments directly carrying market risk: 19 per cent in common stock, 7 per cent in bonds and 6 per cent in miscellaneous assets. Only 1.2 per cent was invested *in mutual funds of any kind*. Today, assets directly carrying capital risk account for almost 40 per cent of total financial assets. Of that, 16 per cent is in common stocks, 9 per cent in bonds and 7 per cent in miscellaneous assets. Equity and bond mutual funds have surged to 7 per cent.

Mutual funds continue to mushroom – up by an estimated \$22bn (£14.6bn) a month so far this year, a third higher than last year's monthly average and four times the \$5bn monthly average posted as recently as 1990. Mutual funds represent the largest institutional buyer of American equities and of tax-exempt municipal bonds, and they rank high as buyers of taxable bonds.

The other significant shift in household portfolios has been the steady expansion of retirement funds. Back in 1978, a fifth of household total assets was invested through pension plans, *mostly defined benefit* plans for which the sponsoring employer bore the ultimate capital risk on investments. At present, pension fund reserves have risen to about a third of total household financial assets. But an increasing share of those funds represents defined contribution plans, where the worker bears the capital risk on the investments not the employer. Defined benefit retirement plans, which tend to be sponsored by the same large corporations now engaged in restructuring, are shrinking. Over time, a shift toward defined contribution pension plans will leave affected retirees with greater financial uncertainty. Retirement income will depend not only on the type of investments *in the plan but also* on market conditions when retirement takes place, a significant risk to the retiree.

Personal consumption – a stable economic component – will be more cyclical

What are the ramifications of these changes? First, the shift away from deposits, like the shift away from defined benefit retirement plans, is a transfer from obligations assuring the nominal capital value of the assets to those whose future values are unknown.

Mutual funds are see-through institutions, taking no risks of their own. Risk and reward are passed on to fund holders. Banks, in contrast, provide stated returns and interpose their own capital to take additional risks. But mutual fund investors may not appreciate all the risks they are taking on. They may act *quite unpredictably if a sudden* market upheaval dramatically reveals the true risk.

Second, a large increase in money rates will surely induce significant shifts back into deposits and money market funds. This may provoke far greater and quicker declines in the value of equities and of bonds than in prior decades, when longer maturity obligations were largely in institutional portfolios. The economic impact should also be quite *abrupt. In this new financial* world, changes in stock and bond prices will have a more noticeable wealth effect on individuals. Consequently, personal consumption, which cyclically tends to be more stable than other components of economic activity, will take on much more of a cyclical hue.

For central banks, all this will pose unfamiliar challenges. A sharp shift by households out of mutual funds into deposits and money market funds will hurt bond and stock markets, but will increase the growth of money. Will this be interpreted as a symptom of future economic growth or a precursor of contraction?

Indeed, the greater volatility coming from these structural changes may well induce public pressures for greater official intervention in the financial markets. Whipsawed by greater swings in their financial wealth, investors may demand that the government find a way to intervene in segments *of the financial markets* heretofore considered off-limits for "open market operations", notably the equity market.

This is not going to happen today or tomorrow, but if reports *from Tokyo earlier this* year are right, the Japanese government purportedly persuaded state pension funds to step into the Japanese equity market to give stock prices a lift. Who is to say that a similar form of intervention could not be devised in, say, the US or UK?

Lately, we have seen the pleasant side of volatility, rising stocks and bond prices with just occasional interruptions. But the dark side of volatility is bound to come again. When it does we may get the answer to what will be the central question – whether economic growth is sustainable if the financial markets are challenged by a rise in interest rates and households are threatened more directly than in the past by a decline in the value of their financial assets.

Henry Kaufman

The author is president of Henry Kaufman & Company, Wall Street economic consultants

Norway's next government will find the EC hard to sell, say **Hugh Carnegy** and **Karen Fossli**

Out in the cold on a hot debate

Mrs Gro Harlem Brundtland, Norway's prime minister, today expects to pull off a remarkable electoral feat.

Her Labour party, at present a minority government, is confident of returning to power, *despite* being out of step with most voters on the main political issue facing the country – Norway's application to join the European Community.

To compound the conundrum, pro-EC Labour not only appears set to succeed, but intends to rely for a parliamentary majority on the tacit support for most policies of two of the country's staunchest anti-EC parties.

This odd state of affairs suggests that the chance of Norway becoming an EC member has receded as a result of the election. A poll late last week showed a 54 per cent majority against membership, with support slipping to 29 per cent. It also showed only the slimmest of margins in favour among Labour's own supporters.

But the pro-EC camp in Oslo, including the main opposition Conservative party, has not abandoned the prospect of winning a referendum to *decide the issue, likely to be* held within the next two years. From this point of view, the vital campaign to reverse Norway's narrow rejection of membership in 1972 will only *start in earnest after today's* relection.

Certainly, neither Labour nor the Conservatives have made any attempt to address the EC debate in the election campaign. On the contrary, they have deliberately sought to avoid it, knowing that at this stage it is a vote-loser. "The parliamentary election is not a stopping place for the EC debate," Mrs Brundtland told anti-EC fishermen in Finnmark in Norway's arctic north. "That will be for the referendum to decide."

Nevertheless, smaller parties which oppose Norwegian accession – for economic reasons as well as fears of a loss of independence – have suffered no such inhibitions. The two to which Labour will look for parliamentary support, the Socialist Left party and the Centre party, have campaigned almost exclusively on an anti-EC ticket and have *boosted their standings in the* polls as a result.

The agrarian Centre party, which even wants to undo Norway's participation in the European Economic Area agreement with the EC, looks set to double its vote from the 6.5 per cent support it won in the 1989 election.

Labour, however, is unperturbed. Instead it has been encouraged by the way its support as the biggest party has held up in the polls and even strengthened in the latter stages of the campaign, while support for the Conservatives *weakened*.

Some, both inside and outside the government, think public opinion can be swayed

A poor performance by the Conservative leader Mrs Kaci Kullmann-Five – the leader of the Centre party is also a woman, Ms Anne Enger Lahnstein – helped Labour. So too has an upturn in the oil-dependent economy, which has allowed Labour to continue an expansive fiscal policy while its Nordic neighbours and fellow EC applicants, Sweden and Finland, have been going through painful recessions.

Above all, Labour has the asset of Mrs Brundtland, who has achieved commanding stature in Norwegian politics since she first became prime minister in 1981. Like Mrs Margaret Thatcher in Britain in the 1980s, she is not so much loved as respected for her determination and her projection of Norway's interests internationally.

Her status now almost transcends party politics. In fact, she gave up the position of formal party leader to Mr Thorbjoern Jagland almost a year ago after her son committed suicide, partly to leave herself more time to devote to the European question.

There is now a common belief, even among her Conservative rivals, that she is the only leader with a realistic prospect of persuading Norwegians to accept EC membership. The question is, can she turn around public opinion, which has consistently hardened since she delivered Norway's application in April.

Her own personal commitment to the need for Norway to join the Community is not in *doubt. Her dodging of the topic* during the election campaign is accepted by both pro-EC Norwegians and European diplomats as a necessary election tactic.

Assuming she wins today, the next step in the strategy is to negotiate an accession agreement with Brussels which she can recommend as a good deal for the country on the central matters of *public* concern – oil, fisheries, agriculture and regional policy.

Only when, or if, that is accomplished, will Mrs Brundtland set a date for the promised referendum and begin to take the offensive in the membership campaign.

There is no doubt that this will be a hard slog in the best of circumstances. Many senior figures in Norway and throughout the Nordic region have, in private, almost written off the prospect of her achieving the membership goal. A top pro-European *politician in Oslo is said to* have told diplomats he does not believe the fight can be won. During the summer, a leading Nordic minister expressed scepticism over the sincerity of Norway's application.

Conventional wisdom says the odds remain against Norwegian accession

Yet, there are those both inside and outside the government who think public opinion can be swayed. In their view, an acceptable accession agreement may not prove as hard to win as has tended to *have beeb assumed*.

On the highly sensitive question of fishing, Norway has already agreed a series of cod quota increases for EC vessels in Norwegian waters under the EEA agreement, and diplomats say the Community is unlikely to seek further increases. Furthermore, they say, Norway's demand for free access to EC markets for its fish and fish products is likely to be met from the day of accession, notwithstanding some objections on Norway's large salmon output.

The issue of subsidies for Arctic and sub-Arctic farmers and for thinly populated regions is a common obstacle in the negotiations for all three Nordic applicants. Politicians in the three countries, however, hope that expressions of understanding among EC leaders of the special natural circumstances of the north will translate into an acceptable deal.

For Norway, there is also vital concern about North Sea oil. Mrs Brundtland has warned that a proposed EC licensing directive, setting out rules on open competition for exploration licences, would be seen as an encroachment on Oslo's control over its most valuable resource and would damage the image of the EC in the run-up to a referendum. She wants it postponed and has won some support, notably from Germany and Denmark.

If these questions can be ironed out, the optimists hope, then the focus of the EC debate can be directed towards the broader political and security benefits of membership, which are much more fruitful ground for the pro-EC camp in a country which is a long-standing Nato member still concerned about its border with Russia.

Oslo would also hope to hold its referendum after "yes" votes were secured in neighbouring Sweden and Finland, adding momentum to the "yes" campaign in Norway.

In the meantime, however, conventional wisdom says the odds remain against Norwegian accession. Today's election is likely to reinforce that view. But for Mrs Brundtland and the other pro-EC forces, the real battle has yet to be fought.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Investment in airline not aid

From Mr François Eldin.

Sir, You quote the chairman of British Airways ("BA presses for curb on European subsidies", September 10) as saying that "some \$3bn have been pumped into three European airlines in the last three years" and, further on, Paul Betts writes that these \$3bn are "state support to Air France, Sabena and Iberia".

This is not true. Air France has not received any "state aid" in the past years. In 1991 we launched a FFr2bn rights issue and the French state, our main shareholder, subscribed as any private shareholder *would have done to help* finance major investment.

The European Commission screened this rights issue and publicly concluded, in July 1992, that it was not state aid.

François Eldin,
vice-president, corporate communications,
Groupe Air France,
1 Square Max Hyams,
Paris, France

Independent bank is right for democracy

From Mr Allan Leonard.

Sir, In reading Mr Gerald Holtham's article, "No case for independent central bank" (September 3), I could not help but ask myself some elementary questions about fiscal versus monetary policy.

Specifically, how democratically responsible would it be for a new government to reverse all of the fiscal policies of a prior government, without a check on the monetary side *of the equation?*

If there existed a constitutional guarantee that all elected representatives would pursue anti-inflationary policies, then a non-independent central bank would be tenable. Otherwise, a government which controls both fiscal and monetary levers will always be susceptible to mismanagement.

The economic performance of a country is too important to be completely manipulated by the government of the day.

Allan Leonard,
133 Amory Street,
Cambridge MA 02139,
US

No BR pot of uncollected gold

From Mr John Nelson.

Sir, In reply to Graeme Thomson (Letters, September 8), there is no rainbow's end where a pot of uncollected rev*enue awaits discovery.*

Surveys confirm the success of our penalty fares scheme and deployment of revenue protection staff; on Network SouthEast ticketless travel is down from more than 4 per cent to 2 per cent. This represents £20m a year of extra income to us. There is no sense in spending more to catch fare *dodgers than we collect from* them.

John Nelson,
managing director,
Network South-East,
1 Eversholt Street, London NW1

An example to follow

From Mr P G Chidzey.

Sir, Your survey of Northern Ireland (September 9) was both interesting and informative. One cannot but think that if a political solution to the problems besetting the country could be found great improvements would be made.

At a time when both South Africa and Israel have thought the unthinkable and negotiated with their enemies and brought political solutions in sight, should not our govern*ment similarly buckle down to* finding a political solution in Northern Ireland?

Perhaps the foreign secretary could devote more of his efforts to this very worthwhile *end. If this government could* come to some sort of an arrangement in Northern Ireland I am sure it would reap huge political gains and might even go some way towards *solving its long-term financial* problems.

P G Chidzey,
Mayaro,
116a Amyand Park Road,
Twickenham, Middlesex TW1

Sanctions not the answer to halting decline in rhino population

From Mr Roger Bate.

Sir, The sanctions ("US to impose sanctions on China and Taiwan over rhino horn trade", September 8), if forthcoming, will undoubtedly reduce the volume of rhino horn reaching China and Taiwan. However, they are also likely to result in a further decline in rhino populations.

The price of rhino horn will rise, on an increasingly clandestine market, thereby encouraging further poaching activities. The horn is prized in Asia as a fever remedy. However, the lack of a legal market (or an illegal outlet in Asia) renders a lucrative commodity worthless to the local people of Zimbabwe, Sumatra etc. Therefore they have little incentive to protect their rhino.

If, on the other hand, local people were allowed to own and trade in rhino horn (at prices up to \$60,000 a kilo) it would provide a powerful incentive for them to protect their rhinos. For example, white rhino horn can effectually be harvested without killing the rhino. This would have two effects: first, it would increase the rhino farmers' incentive to protect the rhino; second, a rhino without a horn is less attractive to a poacher.

The motive of the US Environmental Investigation Agency is laudable in wanting to maintain the world's rhino population. However, attempting to reduce the supply of horn will not reduce the demand for it, and will merely increase the likelihood of a faster extinction rate for the rhino.

Allowing trade in rhino horn may offend many people, but it would ensure that a sizeable population of rhinos remains, which is, I presume, the aim.

Roger Bate,
environmental research fellow,
Institute of Economic Affairs,
2 Lord North Street,
London SW1P 3LB

Commitment remains to supporting reforestation in Ecuador

From Mr Mark Constantine.

Sir, Your article, "When con*servation efforts fail to pro*tect" (September 1), does a good job of describing the rapid destruction of the tropical rain rest of Ecuador, but fails to do justice to what could be a model reforestation project - Ecoforest 2000.

There are two factual discrepancies in the article. First, the International Finance Corporation (IFC) has not withdrawn from the project. Rather, IFC will not finance the project until it has attained assurances that the environ*mental and social issues that* have been raised are addressed. Second, the project has not collapsed. The Durini Group (the company) is continuing to establish plantations to reduce its dependency on primary forest wood sources, although without external financing, progress will proceed at a much slower pace.

At a public forum held in Quito in April 1993, results of an independent review of the biodiversity and social impact aspects of the project were *presented. The meeting pro*vided an opportunity for a broad spectrum of local and international non-governmental organisations and representatives of the affected indigenous and ethnic minority communities to present their views on the project. Subsequent correspondence from the participants and other interested parties, with few exceptions, has been supportive to the project, assuming implementation of the recommendations of the independent review.

IFC remains convinced of the merits of the project. Ecoforest 2000 will result in the reforestation of 5,000 hectares of degraded land, provide a long-term sustainable supply of wood, and eventually eliminate the company's logging in primary tropical rainforest.

Mark Constantine,
manager, corporate relations,
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FINANCIAL TIMES

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Monday September 13 1993

Trading with Vietnam

THE TIME has come for the *United States to establish* normal relations with Vietnam. The war against Ho Chi Minh ended 18 years ago; west Europeans did not wait half as long after the death of Hitler before starting to do business with the Federal *Republic of* Germany. Admittedly there are difficulties specific to America. Vietnam has not become a peace-loving democracy, as west Germany did. Some US veterans cannot forget that their forces were unable to defeat a third-world army. Such nightmares are not easily exorcised.

Yet if South Africans can negotiate the handover of power from white to black, and Israel can recognise the Palestine Liberation Organisation, it should be possible for President Clinton to complete the slow process of reconciliation that was initiated by his predecessor. Mr Clinton could demonstrate such an intent by allowing the embargo on US trade with Vietnam to lapse tomorrow.

All the pieces are in place. Just before he left office, President George Bush amended the embargo to allow companies to sign contracts with and open offices in Hanoi, in anticipation that the ban on doing business with this former enemy would eventually lapse. Large US corporations, including IBM, General Electric, BankAmerica, Citibank, and *Caterpillar* have shown interest; most of them have already set up shop in Vietnam. American business is not saying "hell no, we won't go." On July 2 Mr Clinton lifted the US veto on lending to Hanoi by the International Monetary Fund, the World Bank, and like institutions. On July 18 the first US diplomat sent to the Vietnam capital in 40 years arrived, albeit accompanied by a statement from Washington to the effect that *his sole* purpose was to help account for US servicemen listed as missing in action (MIA).

Intimations that in spite of all this Mr Clinton may be hesitating at the next hurdle are only partly explained by the *president's* record as a youthful opponent of the war. The MIA theme, which arouses strong emotions, is played upon by Mr Ross Perot, who may re-emerge as a future presidential candidate. Many veterans and ex-prisoners, *including* a *significant* group in Congress, have accepted that Hanoi is co-operating in efforts to trace MIAs – but some organisations, notably the American Legion, persist in their opposition to an early resumption of trade with Vietnam.

Mr Clinton, whose priorities are health care reform and the North American free trade area negotiations, is understandably cautious about this south-east Asian hornets' nest. He is anxious to avoid further defeats in Congress. The psychological damage done to the American nation by its experiences, at home and abroad, during the Vietnam struggle runs deep. Yet in June he stood before the Vietnam veterans' memorial and said disagreements over a war fought two decades ago should not divide Americans as a people any longer. He must now find the courage of his convictions.

UK labour laws

BRITAIN MAY or may not need another round of employment legislation, but it urgently needs rationalisation of the law which already exists. That is the message coming from Britain's engineering employers.

A sound framework of employment law would protect employers and employees from unfair behaviour, without placing undue burdens on employers. The rights and duties of both parties to the employment contract should be expressed as clearly as possible.

The foundations of British employment law are still rooted in a law of contract which requires many of the rights associated with collective organisation to be expressed as immunities from *breach of contract. Britain has a* system of "collective laissez-faire" which for nearly 100 years has kept the law to a minimum, but which has also encouraged unions and employers to slug it out at the workplace.

The basis of collective laissez-faire is being eroded by the decline of trade unions and the creation of new rights for individuals at the workplace. Contrary to much of the rhetoric at last week's *TUC Congress in Brighton*, most non-unionised British workers do not stand unprotected before the whims of their employers.

But the main problem is that employees' understanding of their rights and their enforcement through the courts or industrial tribunals is increasingly defective. The Engineering Employers Federation argues that because of the way statutory provisions are drafted and amended, and because of the accumulation of case law, the understanding of subjects like maternity rights or redundancies has become increasingly problematic. At the same time, the industrial tribunals themselves have become bogged down in legalism, causing delays and uncertainty.

The answer the EEF proposes is regularly updated codes of practice on employment law which would have greater authority than case law and would help unblock tribunals. One way forward would be for the government to conceive a form of Citizen's Charter for the workplace, setting out employee rights, to be attached to each employment contract. It could be supplemented by a voluntary code of practice, on matters such as employee consultation which are not covered by the law.

A more contentious notion would be to convert existing collective immunities into individual rights, although that would raise the difficult issue of a right to strike, or perhaps more precisely a right not to be dismissed for striking for a certain period of time. To balance any such right, the government could restrict strikes in essential services and give employers greater flexibility in changing employment conditions without being subject to unfair dismissal proceedings.

The EEF paper stops short of considering these complications. But it is a worthwhile contribution to which ministers should give serious attention.

Nelson's task

SMALL BRITISH businesses had a rough time during the recession. Many went under when banks called in their loans. And although the banks have come in for criticism for being too ready to pull the rug from under entrepreneurs' feet, the losses on their lending to small companies show they too have not fared well. With banks reluctant to extend more short-term finance to small businesses, there is a danger the economic recovery will be blighted.

Mr Kenneth Clarke, the chancellor, was therefore right last week to initiate a review *into the financing* of industry. Small companies are excessively reliant on short-term overdrafts, which can be called in at the first hint of trouble. It would be better if they *could* raise longer term equity and debt finance.

Mr Anthony Nelson, the economic secretary, who has been given the task of conducting the review, will find no shortage of *ideas* as he tours the country over the coming months. Business lobby groups have been quick to trot out ideas such as increasing capital allowances for small companies. Another idea came earlier *this* year from Mr Brian Pearse, Midland Bank's chief executive, who called on government to subsidise small business loans and give tax relief on investment by individuals in industry.

Many of these suggestions smack of special pleading. Rather than devising yet more tax reliefs and subsidies. Mr Nelson will probably find it more fruitful to identify how current tax breaks distort investment flows.

If small businesses are to make greater use of venture capital, their attitudes will have to change. At present, many entrepreneurs are not willing to dilute their control by selling equity stakes to outsiders.

The way in which tax reliefs favour the institutionalisation of savings will also merit attention. Once the nation's savings are sucked into large institutions such as pension funds, they too seldom find their way to small companies in the form of equity finance. It is not worth the management effort of big institutions to invest in and monitor a large collection of tiny projects. Such investments, though, might be just the thing for wealthy individuals.

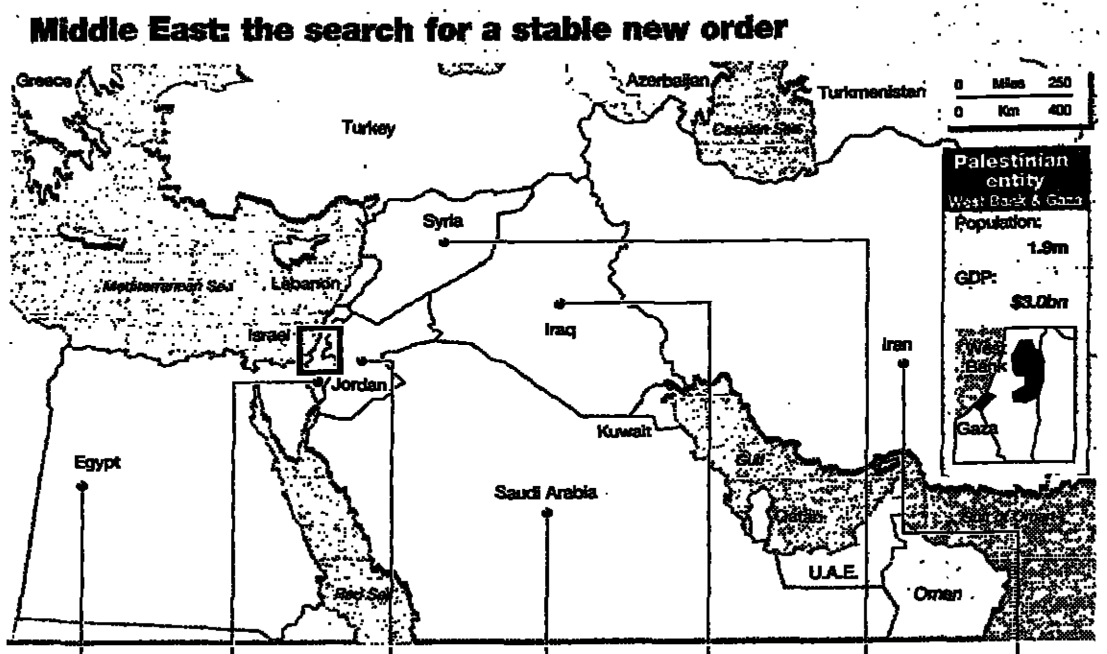
Any attempts to de-institutionalise savings will be contentious. When the then Mr Nigel Lawson as chancellor tried to do so in the 1980s, the powerful pensions lobby scotched his plans. Since then, the government has trimmed pensions tax relief in a piecemeal fashion, an approach which has had no overall logic apart from raising cash for the exchequer.

The arguments for reforming the taxation of savings are finely balanced. But there can be no radical change in the way companies are financed so long as the institutionalisation of savings persists. The question is whether the government has the stomach for a fundamental rethink.

Now comes the hard part

Mark Nicholson and Andrew Gowers examine the wider implications of the deal between the Palestinians and Israel

Middle East: the search for a stable new order



Egypt	Israel	Jordan	Saudi Arabia	Iraq	Syria	Iran
Population: 57.3m	Population: 5.1m	Population: 4.4m	Population: 10.6m	Population: 18.4m	Population: 13.2m	Population: 55.5m
GDP: 1991 $29.6bn	GDP: 1991 $58.4bn	GDP: 1991 $4.1bn	GDP: 1991 $105.2bn	GDP: 1990 $40.8bn	GDP: 1991 $13.9bn	GDP: 1991 $80.5bn
Defence budget: 1992 $2.47bn	Defence budget: 1992 $8.76bn	Defence budget: 1992 $0.51bn	Defence budget: 1992 $14.5bn	Defence budget: 1990 $8.61bn	Defence budget: 1991 $1.13bn	Defence budget: 1991 $4.27bn

Source: International Institute for Strategic Studies (IISS), Figures for Palestine (average of 1990 & 1991); Harvard University

Long after the hullabaloo surrounding today's peace deal between Israel and the Palestinians fades, one image may linger in Middle Eastern minds: that of a lonely farmhouse in the Norwegian countryside outside Oslo.

It was in such a place – or a number of such places – that senior officials from Israel and the Palestine Liberation Organisation set out earlier this year towards their historic agreements on mutual recognition and on Palestinian self-rule in the West Bank and Gaza Strip, conquered by Israel in 1967.

Although assisted by low-key Norwegian mediators, they did it in direct talks, without the participation or knowledge of any of the powerful outsiders, from the US, Europe or the moderate Arab states, who have expended such vast amounts of time and energy in seeking a settlement to the Middle East's most intractable conflict.

Today, as the deal is consummated with a glitzy signing ceremony in Washington, the discussions in that farmhouse seem a more telling pointer to prospects for the wider region. The PLO and *Israel had to look one another in* the eye, essentially in solitude, to begin to overcome decades of hostility. So, too, the Israelis and the other Arab states – traditionally obsessed by internecine rivalry, manipulation of external patrons and empty rhetoric about Arab unity – are now on their own as they seek to chart a way forward to peaceful co-existence.

That is the reality that underlies all the current hyperbole about a "new Middle East", Marshall Plans, high-level western involvement in furthering the peace process, and ambitious regional public works programmes. Western political and financial support can certainly help. But in the end, it is the countries of *the region that will determine* whether the comprehensive peace suddenly in prospect establishes a mood of trust and mutual dependence rather than simply a grudging and irritable end to hostilities.

Perhaps more urgently than at any time since the end of the first world war, when Britain and France secretly connived to carve the region's present nation states out of the Ottoman empire, these countries have to discover what they have in common, and how they can live as normal neighbours.

As among the states of western Europe after world war two, the basis for their co-operation will have to be economic as much as political. As in Europe for four subsequent decades, any new order will in the eyes of Israel and of some Arab governments be constantly subject to an ideological challenge from within and without: that of militant Islam, both home-grown and fomented from the east by the Islamic Republic of Iran.

The question is: are the partners really prepared for peace, for the regional integration this implies, and for the shift in strategic and economic alliances with the world at large which will surely follow?

The Israeli government and business establishment evidently thinks so. Mr Shimon Peres, Israel's foreign minister who brokered the deal with the PLO in Oslo, has spoken of a "new era" in regional co-operation with moderates on both sides joining forces to foster economic growth and combat political extremism, and is looking to the European Community to encourage regional integration in a new association agreement. Expectations of the commercial dividends peace could bring have fuelled a 10 per cent rise in the Tel Aviv Stock Exchange over the past two weeks, and have prompted a renewed flurry of interest in Israel, notably on the part of European and Japanese companies.

The euphoria is understandable, but premature. Today's signatures in Washington merely begin the endgame of a peace which must be hammered out in detail and sealed in treaties. *Jordan, Syria and Lebanon* have still to accomplish their first steps along the road: agreement on declarations of principles to guide their own talks.

Even when they have done so – and the Syrian-Israeli negotiations in particular are likely to be slow and difficult – serious sources of instability in the Middle East will remain unaddressed, notably the Gulf, where Saddam Hussein's pariah state of Iraq has no part in the peace process and Iran is fiercely opposed to it. The race to acquire arms of all kinds continues unchecked all over the region, and could itself become a *casus belli* if Israel feels compelled to act against efforts by its enemies to acquire weapons of mass destruction.

It is hardly the most auspicious climate in which to embark on an experiment in co-existence. That is, nevertheless, what Israel has set out to create. The hope must be that it can lead through example by transforming its relationship with the Palestinians. If it succeeds, change for the better could radiate into the region, underpinned by the financial might of Gulf states such as Saudi Arabia and by expanding international trade.

The Palestinians will need liberal trading arrangements across the Jordan river as a conduit to the wider Arab world

The Israelis and Palestinians are the critical test case. In agreeing on self-rule for the Palestinian inhabitants of the occupied territories, the PLO and Israel have opted for a gradual separation between two peoples locked for 26 years in unhappy and unequal marriage.

Provided they can keep their *respective extremists in check, and* provided Mr Yassir Arafat, the PLO leader, can effect a rapid and visible improvement in economic conditions in the territories, there is a chance that the political separation will eventually provide for a new relationship based on something resembling mutual respect.

What the Palestinians cannot afford is a complete divorce. Their lives are too closely intermingled with those of the Israelis. For the foreseeable future they will continue to depend on salaries earned by Palestinian workers in Israel, and they will need to maintain the freest of trading links with their Jewish neighbours if the businessmen of the West Bank and the diaspora are to be encouraged to invest in productive enterprises. The extent to which they see potential returns rather than humiliation in such heavy dependence on their much more powerful Israeli neighbour will in large part determine whether their experiment succeeds.

The Palestinian proto-state will also be heavily dependent on the Kingdom of Jordan to the east, next in line to sign a declaration of principles with Israel. As well as establishing a free-trade zone with Israel, the Palestinians will need liberal trading arrangements across the Jordan river as a conduit to the wider Arab world. The next natural step would be free trade between all three countries – even, Mr Peres has suggested, some form of economic union *à la* Benelux. Such an agreement, however, will be hard to achieve. A recent Harvard University report remarks that "broad scale free trade between Israel and Jordan would take longer, for Jordanian firms have not until now been subject to Israeli competition".

That is a foretaste of the problems ahead in dismantling the encrusted barriers between Israel and the Arab world. The Israeli economy is twice the size of that of its most powerful Arab neighbour, *Egypt, although its population is* only one tenth as large. The Arab world has nothing resembling the Jewish state's most dynamic companies. All Israel's relatively impoverished neighbours will be very wary of allowing their economies to be penetrated by such unsettling forces.

The sole precedent, Egypt's 1979 peace treaty with Israel, is distinctly unpropitious in this regard. Trade and investment flows since have been limited. As important, overall intra-Arab trade and investment is very underdeveloped. For decades, the Middle East has been composed of siege economies with their best talent and the best part of their national resources devoted to war. The vast majority of Arab exports – whether of oil from the Arabian peninsula or of potash, textiles and agricultural produce from the Levant and North Africa – is sold to the industrial countries of the US, Europe and Asia rather than locally. Capital accumulated in the Arab world has a habit of taking flight to western financial centres rather than being put to productive use at home.

Syria epitomises another reason for caution about the prospects for a comprehensive Arab-Israeli peace

Few Arab regimes have yet got far with structural reforms aimed at invigorating their sclerotic economies. And none of their attempts at creating a meaningful regional economic grouping has long survived the political rivalries and frictions which have always eclipsed economic considerations in their minds.

Arab suspicion of the Israeli *embrace is epitomised by Syria, still* engaged in an arms build-up and in dispute with Israel over the Golan Heights, captured in the 1967 Arab-Israeli war. Israel has yet to promise a complete withdrawal from the Golan as demanded by Syria's President Hafez al-Assad. He has not promised the "full peace" – including an exchange of ambassadors and free movement of goods and people – that Israel wants in return. The danger, in Israeli eyes, is that an eventual treaty with Syria will in practice be no better than the "cold peace" with Egypt.

Mr Assad has concerns of his own: in particular, the maintenance of his own power, embodied in one of the region's most repressive *regimes. He has recently shed much* of his Baath party's quasi-socialist ideology to initiate a cautious programme of economic reform. But this is a far cry from the sort of economic opening that would be required under any broad attempt at regional economic integration. Anything more radical might undermine his military power base.

Syria epitomises another reason for caution about the prospects for a comprehensive and durable Arab-Israeli peace: the uncertainty surrounding the present generation of one-man Middle Eastern regimes. President Assad has serious health problems, and the succession to him is impossible to predict. There is a feeling of *fin de regime*, too, in Jordan, whose leader, King Hussein, has recently been treated for cancer. He is busily striving to ensure he will be succeeded by a more democratic form of constitutional monarchy. But his kingdom has an *unstable history and his subjects* – divided along fault lines of religion and origin – have largely been held together by his personality. Since a majority of the population considers itself Palestinian, any instability in the West Bank and Gaza would immediately infect Jordan's body politic.

In Egypt, the most important and populous Arab country by far, the authority of President Hosni Mubarak is not in immediate doubt. Next month, he is expected to win a referendum and sail into a third, six-year term. But there, too, stability is not guaranteed. Islamic extremism is on the march, with fundamentalist groups conducting violent attacks on western tourists, government ministers and security forces. The government's response has been heavy-handed and unimaginative, and may simply be fuelling the problem.

The regime's difficulties are exacerbated by growing concern about its relationship with its crucial patron, the US, expressed in $2.3bn (£1.5bn) a year of financial and military aid. Paradoxically, a wider Arab-Israeli agreement may diminish Washington's previous interest in Egypt as the only Arab country to have made peace with Israel. Although the Clinton administration has said it will assure this aid through to 1995, there can be no guarantee it will be held at such levels thereafter. Without the US bounty, Cairo's ability to maintain domestic stability and keep the extremists in check would be open to serious question.

In these domestic political and economic problems in the Arab world lies perhaps the most important reason why it is still too early to talk of a new era of peace and economic co-operation in the Middle East. Income disparities between the states of the region, and within them, remain potent sources of conflict and provide nutrition for Islamic opposition to unrepresentative Arab regimes. Iraq, still besieged by United Nations sanctions, continues to fulminate against the wealthy, US-protected Gulf states to its south. Iran, the most populous and powerful Gulf country, is busy rebuilding its military after eight years of war with Iraq and has been identified by Israel and its Arab partners as a serious source of trouble – especially in its perceived influence over Islamic movements from Algiers to Amman.

It is in the battle between such forces and the emergent Arab-Israeli "alliance for peace" that the *future of the region will be determined*. Only when it has been concluded will it be possible to tell whether today's accord represents the first gasp of a new Middle Eastern order or a dying gasp of the old.

OBSERVER

Banking on Basle?

■ Central bank governors from the G-10 countries today turn their minds to the difficult task of *selecting a successor to Gerry* Corrigan as chairman of the Basle committee of international banking regulators.

Corrigan is stepping down after leaving his job as president of the Federal Reserve Bank of New York, but there has been no clear front-runner in the search for his successor.

Some hot money is on Tommaso Padoa Schioppa, deputy director general of the Bank of Italy, who has already had a *stint at the EC* in Brussels.

His appointment might provide some consolation for his failure to get the job of governor, which was handed to Antonio Fazio in *May this year.*

Other international banking mandarins are whispering that the Dutch are vying for a fresh grab at the top seat, though Corrigan's predecessor, the late *Huib Muller*, was also from the Netherlands.

Brian Quinn, executive director responsible for banking supervision at the Bank of England, might be considered an obvious candidate *for the job.*

But his chances have certainly been damaged by the fuss over the BCCI affair. The fact that the first two Basle chairmen, Sir George Blunden and Peter Cooke, were both from the UK, will also not help.

Political prayer

■ *Amid the flurry of recently* published political memoirs by eminent Tories – Nigel Lawson, Alan Clarke, Kenneth Baker and soon from the lady herself – there is scant practical guidance for the would-be member of parliament.

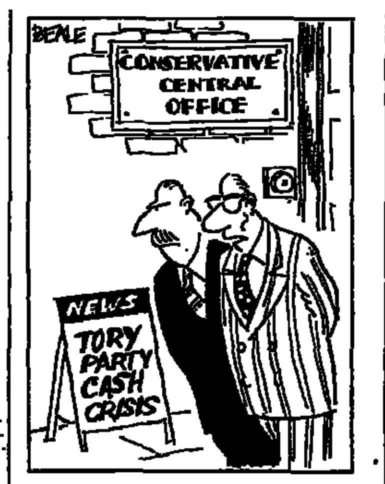
That gap is partly filled by a new publication from another long-serving Tory, Ivor Stanbrook, Conservative member for Orpington between 1970-92. He has brought out a timely tome: "How To Be *an MP*".

The book explains why MPs sometimes appear a rather religious bunch, regularly attending prayers at the start of each day's proceedings.

"Apart from any spiritual value, the practical benefit derived from attending prayers is the right it gives to a member to occupy a particular seat in the chamber for the rest of the day, provided he *is present at prayers and inserts* a prayer card in the seat."

Grub Street

■ Observer is surprised to learn that the starting salary for a cook at the New York Times' staff *cafeteria*, at $697 a week, is rather



"VAT on the winter fuel bill could be the last straw"

more than that for a journalist at the FT's competitor, the Wall Street Journal.

This intriguing disparity has been uncovered by the Independent Association of Publishers' Employees, the union which represents 2,000 employees at Dow Jones, publishers of the Wall Street *Journal.*

The IAPE is negotiating a new three-year pay contract with Dow Jones management.

It suggests the disparity between the cooks' and the reporters' *salaries supports its proposal to* the company's shareholders that any increase in the chief executive's remuneration package should be no more than that received by employees.

Tunisian parallel

■ Former president Habib Bourguiba could be forgiven for *thinking there is some poetic justice* in the fact that the first news of the mutual recognition between Israel and the PLO came from Tunis.

As Tunisian head of state during 1957-87, Bourguiba tried to convince his peers that they would fail to undo what the UN had done; in other words, they would have to recognise Israel.

In Jericho (then part of Jordan) 28 years ago, Bourguiba propounded what *he* called the "doctrine of stages".

This suggested that the Palestinians should recognise Israel and seek to restore their lost rights by negotiation rather than by war – which they were bound to lose.

For his prescience he was burned in effigy around the Arab world; Nasser plotted to topple him.

Vanity Fare

■ "I could write a book" runs the old Rodgers & Hart tune. If former IMRO chairman George Nissen should choose to do so he won't *have far to look for a publisher* – he's just bought one.

Nissen, who fell on his sword in June 1992 in the wake of the Maxwell scandal, has acquired The Book Guild, one of the UK's subscription publishers.

Unkind fellow publishers not in the subscription game sometimes refer to it as "vanity" publishing; the author pays the publisher to bring out the book.

Not all authors write with the single aim of making a profit, says Nissen, whose company brings out up to 100 titles annually, with print runs as low as 500 copies.

Now if he could be persuaded to sit down and pen his own recent experiences, demand might be a little greater than that.

Curdled egg

■ Those who believed *LWT* when it called the new telly tycoons its most cherished staff were perhaps a little too gullible.

In case you've forgotten, these were the 54 managers who invested *in the station's golden handcuffs* scheme ahead of the franchise auction in 1991.

Some became paper millionaires last month when their shares became tradeable.

Under the scheme's terms, they could not resign and hold on to their share options. But it appears they could still be made redundant; six months ago Alan Woolfson, the visual services controller, *became an "involuntary leaver"*. He has retired to enjoy a nest-egg coming to the boil at around £900,000.

FINANCIAL TIMES
Monday September 13 1993

California bows to international pressure over 'discriminatory' system

New tax law may appease UK

By George Graham in Washington and Peter John in London

CALIFORNIAN tax legislation passed at the weekend is expected to lift the threat of British action against Californian-based companies operating in the UK.

However, the law, which was approved in the California state assembly late on Friday night, as yet leaves unresolved the court battle by the UK bank, Barclays, against the state's unitary tax system.

Barclays' case is the test case for suits which could cost California a total of about $880m. Another $3.1bn is at stake in a related suit brought by Colgate-Palmolive, which would extend to US-owned companies.

The new legislation is likely to remove the principal remaining objections of foreign-owned companies to the state's tax system, which they argue has discriminated against them, and leave them free to choose an alternative system of tax assessment known as "water's edge".

Foreign, and especially British, companies have long objected to California's unitary system, which taxes a company on a percentage of its worldwide income, rather than only on income earned in the state. Since this system differs from international norms, it can be disallowed by tax authorities in other countries and lead to a company's being taxed twice on the same income.

In the face of international pressure, California has since 1988 allowed companies to opt for "water's edge" assessment, which includes only activities within the US. In the UK, Mr Kenneth Clarke, the chancellor of the exchequer, is not expected to make a statement until the Treasury has had time to study the full text of the law, but officials in Washington and Sacramento, the Californian capital, are confident that the legislation does enough to justify the lifting of the UK government's threat to retaliate.

The retaliation, announced in May, is due to come into effect on January 1. It would remove a tax credit from Californian companies, increasing the tax rate on their British subsidiaries from 28 per cent to 33 per cent and costing them up to £250m a year.

Major US companies have lobbied California hard to change its law and avert the UK retaliation.

While unitary taxation would under the new law stay alive – infuriating the many British companies who oppose it with an almost theological zeal – it is unlikely to spread, because the Californian model, giving companies a choice between unitary and "water's edge" assessment, would lose money for any other state that adopted it.

Barclays commented at the weekend: "We would welcome it [the legislation] as a move in the right direction but it is impossible for us to say what will happen ahead of the court case."

The British government has made clear to the US administration that it will continue to back Barclays in its 10-year-old lawsuit, which is now pending before the US Supreme Court.

The Clinton administration has abandoned previous administrations' stance against California, because of concern about the state's financial condition.

German ruling coalition at odds over social care plan

By Quentin Peel in Berlin

THE STABILITY of Germany's ruling coalition was called into question this weekend in a new row over how to finance the latest addition to the country's generous social security system – nursing care for the elderly and handicapped.

At the heart of the conflict is a fundamental difference on who should pay most for the future scheme – workers or employers.

The Free Democratic party, the minority partner in the government, declared that a cross-party compromise between Chancellor Helmut Kohl's Christian Democratic Union (CDU) and the opposition Social Democrats (SPD) might destroy the fragile basis of the coalition, a year before the next elections.

The FDP says that any compromise that placed a greater financing burden on employers would be disastrous for the German economy.

Such a deal would also isolate the FDP and reinforce the trend towards a grand coalition between the SPD and CDU.

Leading members of the FDP reacted furiously at the weekend to moves by Mr Norbert Blüm, the labour minister, to reopen the whole question of financing the nursing care scheme in talks with the SPD.

A first round of talks on Friday saw moves towards a compromise. Mr Rudolf Dressler, social affairs spokesman for the SPD, said there was an agreement to "put on ice" the present proposal, which is bitterly opposed by the German trade union movement.

The present plan is backed by the FDP because it would ease the financing burden on German employers, by reducing from three days to two the period they must provide guaranteed sick pay for their workers.

An alternative solution under discussion would instead cancel two days from the annual list of paid holidays given to German workers.

That, though, is likely to run into opposition from the third partner in the ruling coalition: the Bavaria-based and staunchly Roman Catholic Christian Social Union.

Mr Dieter-Julius Cronenberg, the FDP deputy chairman of the Bundestag, the lower house of parliament, warned that, if the CDU and CSU sought to force further compromises from their partners, it would "destroy the basis of trust for further co-operation in the government".

Norwegian poll gives Labour a clear lead

By Karen Fossli in Oslo

NORWEGIANS today vote in a general election which is expected to hand victory to the ruling Labour party led by Prime Minister Gro Harlem Brundtland.

Opinion polls have consistently indicated a swing to the left, a trend confirmed by a poll published on Saturday in the Dagbladet newspaper. The poll, the last before the election, showed Labour with 34.8 per cent of the vote, a marked improvement from mid-year polls when support for Labour fell below 30 per cent, its poorest rating since the 1920s.

The major issues of the election include unemployment, currently at a post-war record of 8.3 per cent, including those on government training schemes, and Norway's application to join the European Community.

Labour's strength in the polls has been boosted by signs of economic recovery, assisted by record North Sea petroleum output which has made Norway Europe's biggest oil producer.

Mrs Brundtland has also gained credibility by refusing to debate Europe during the campaign, saying that EC membership will be decided by voters in a referendum by 1995.

Analysts say the electorate feels there is no real credible alternative to Labour, with opinion polls showing steadily eroding support for the main opposition Conservative Party.

In Saturday's poll, the Conservatives saw support fall to 18.1 per cent from 22.2 per cent of the vote in the 1989 election.

The biggest gain today, according to the polls, will be by the anti-EC agrarian Centre party, support for which has soared to 16 per cent from just 6.5 per cent in the last election.

Bruntland confident, Page 4

EC to test US trade stance

Continued from Page 1

food aid, processed products, and existing silo stocks from the list of cuts.

One idea being canvassed at the weekend meeting would be to add a separate protocol or interpretation of Blair House. This might meet some of France's reservations, while avoiding the charge that the Europeans wish formally to reopen the draft accord.

EC diplomats acknowledged at the weekend that France had succeeded in shifting the debate towards the need to head off a potential veto, forcing the Community to look for new flexibility in Washington.

That message will be reinforced in talks today between Mr Delors and Mr Willy Claes, Belgian foreign minister, who are due to meet Mr Warren Christopher, US secretary of state.

Brief document may end years of conflict

Continued from Page 1

paving the way for today's peace deal.

The US is keen to sustain the momentum for a wider Middle East peace.

President Bill Clinton said the US would continue with aid and military assistance to Israel, while Mr Warren Christopher, secretary of state, said US troops might guarantee security in the Golan Heights after any Israeli undertaking to withdraw from the Syrian land it conquered in 1967.

But Mr Clinton and Mr Al Gore, his vice president, both stressed that the US did not see itself as the sole or main provider of financial aid to support peace in the region.

In an interview with the New York Times, Mr Clinton said he had secured an undertaking from King Fahd, the Saudi Arabian ruler, for a large Saudi-led financial package from the Gulf states – whose relations with the PLO were deeply soured by Mr Arafat's support for Iraq during the Gulf war.

Mr Clinton quoted the king as saying: "You take the lead in organising it and tell us what we're supposed to do . . . and I will wait to hear from you."

Mr Clinton said he had also elicited Syrian backing for the PLO-Israeli deal during a 30-minute conversation with President Hafez al-Assad. He quoted Mr Assad as saying: "It is a positive thing, this agreement, for all of us."

Mr Clinton said Mr Assad sought only the continued assistance of the US in mediating future negotiations with Israel over a withdrawal from the Golan Heights.

THE LEX COLUMN

Steely determination

It is easy to see why British Steel is anxious to move the European steel debate forward. Subsidies protect its state-owned competitors in Europe from the economic downturn, while depressed continental demand robs it of the benefits of rationalisation. The levy proposal, whereby privatised producers would contribute towards the cost of shutting down capacity at state-owned loss-makers, may appear unorthodox to competition policy purists, but British Steel can well afford to participate. The incentive to do so is all the greater since real discipline will be even harder to impose on subsidies once the recovery starts. The problem would then be worse again in the next downturn.

Participation in the levy need not affect the company's low gearing. Contributions would come out of revenue over a period of five years. Given British Steel's high operational gearing, the effect on the profit and loss account would presumably be quickly offset by higher prices and higher volumes. Its relatively modest capital spending requirements mean the cash outlay should not hurt.

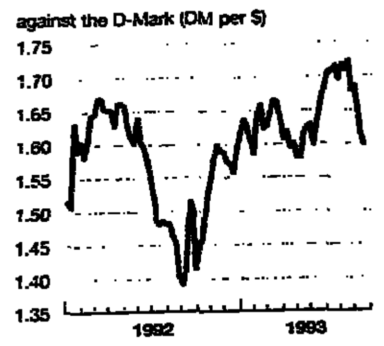
The longer term risk is that once the west European capacity problem is resolved it will be harder for the EC to find an excuse for restricting cheap imports from eastern Europe. The short-term risk is that the discipline imposed on state-owned producers will prove inadequate. British Steel is, though, probably right to claim that, without action soon, the outlook for private sector producers is bleak. Most at risk are companies in Germany and Benelux which stand to suffer an exchange rate disadvantage from the collapse of the ERM. But any collapse there would be scant consolation since the Klöckner experience shows that private sector troubles do not necessarily lead to closure of capacity.

Currencies

It looks as though 1993 will go down in exchange market history as another year in which the pundits got the dollar badly wrong. Far from appreciating as the US economy recovered, the dollar looks distinctly sick on the basis of a weak recovery and extraordinarily low inflation. In Europe, the Bundesbank has cut rates more slowly than many expected and is under even less pressure to do so now that the ERM has moved to 15 per cent bands. Last week's cut of just 10 basis points in the money market repurchase rate is a reminder that it is keen to see policy relatively restrictive and the D-Mark strong.

Dollar

against the D-Mark (DM per $)



Source: Datastream

The result is that the transatlantic interest rate differential has failed to narrow as much as had been assumed at the start of the year. Now, with US equities looking expensive and bonds at record low yields, there is not much to attract international money into the dollar – hence the growing sense that it has room to weaken further. This will not help economic recovery in Europe, where currencies as a whole have tended to be overvalued against the dollar.

The policy response will be interesting to watch. It is difficult to be sure how far the D-mark's present strength is a function of the dollar and how far it reflects purchases by central banks obliged to repay intervention. A pronounced fall in the dollar might just provoke the Bundesbank into larger interest rate cuts designed to offset the implicit monetary tightening. That would let France and other ERM countries off the hook. It is more likely, though, that they will still have to undercut German rates interest eventually. The hope would be that an inflow of foreign funds into their bond markets would provide the wherewithal to repay the intervention debt.

UK superstores

As Tesco tees up to start the food retailers' reporting season, attention will once again fix on the valuations ascribed to their vast property portfolios. James Capel calculates that, between them, the big three grocers own some £8.4bn of properties. This compares with £8.6bn owned by Land Securities, MEPC and British Land. Recent fears about the sustainability of grocers' margins and return on capital, however, increasingly call into question whether superstore assets should be depreciated over their useful lives.

So far, Wm Morrison has been the only food retailer to respond to such concerns – although depreciating its land and buildings by just 1 per cent a year seems little more than cosmetic. The worry is that if food retailers do not steadily depreciate their assets they may be forced to take big one-off write-downs. By bidding up the cost of sites, the big grocers have had to work harder to maintain their return on capital. They have achieved this by widening their trading margins. If margins now come under pressure, the capital value of their sites may also fall. Should not that risk be reflected in their books?

Arguably, superstore land may preserve much of its value over 15 to 25 years, especially if inflation returns, but the case for depreciating buildings over their useful lives appears overwhelming. Even this move would have a material impact on grocers' earnings, reducing some of them by as much as 15 per cent. Investors, though, scarcely need further encouragement to sell. The sector has underperformed the market by 18 per cent since the start of the year.

News Corporation

Mr Rupert Murdoch has been so busy snapping up assets in recent months that it goes against the grain for him to sell out of one of the world's most profitable newspaper groups. Presumably not even he fancied his chances of trying to preserve the South China Morning Post's editorial and advertising appeal after Hong Kong reverted to Chinese sovereignty in 1997. Besides, the returns made on the original HK$2.4bn investment would have been enough to tempt anyone to cash in their chips.

The sale of a 34.9 per cent stake to the pro-Beijing Mr Robert Kuok ensures a full bid will not be sparked for SCMP. But this leaves News Corporation with an untidy rump of shares to sell. This would appear a straightforward enough task given that SCMP's shares have more than doubled to HK$5.35 over the past two years. Then again, other investors may well reflect on the risks of owning shares in an English-language newspaper at such a politically-sensitive time. Significantly, News Corporation is choosing to recycle its proceeds into regional satellite television, which skirts such regulatory worries.

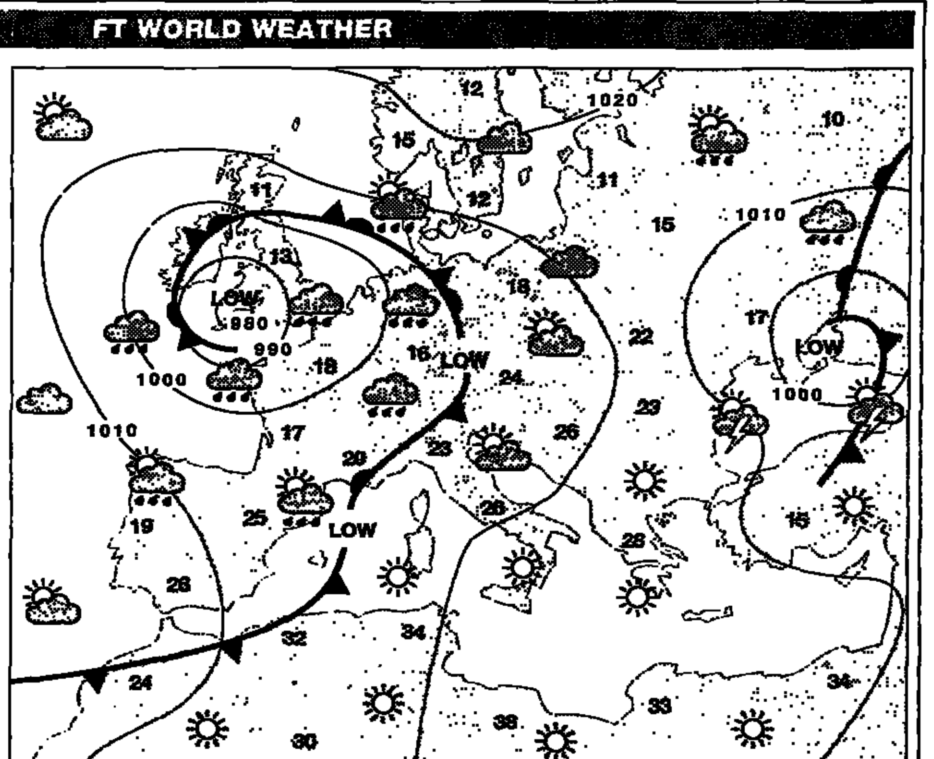
FT WORLD WEATHER

Europe today

A storm crossing south-west England will cause strong gales in western coastal areas of France. The British Isles will have (near) gale force winds especially around the centre of the low. The frontal zone associated with the depression will bring rain and wind to north-western Europe. The rain will be heaviest over southern England, northern and central France and the Low Countries. Northern Spain will be cloudy too with some rain, but elsewhere in Spain and Portugal, it will be mainly sunny. Most of Italy and south-east Europe will be sunny and warm. High pressure will remain over Scandinavia with sunny intervals in Norway. Southern Sweden and Denmark will have rain during the afternoon.

Five-day forecast

The depression will weaken while moving slowly towards the North Sea. Conditions will become less windy, but north-western Europe will continue unsettled. A new frontal system over Portugal will cause widespread rain in north-western Spain and Portugal. Around the Mediterranean, it will continue sunny except for southern France where showers will develop. Eastern Europe will have thundery showers.



TODAY'S TEMPERATURES

Forecasts by Meteo Consult of the Netherlands

		Maximum Celsius
Abu Dhabi	sun	40
Accra	thund	30
Algiers	sun	32
Amsterdam	rain	17
Athens	sun	30
B. Aires	fair	19
B ham	rain	12
Bangkok	shower	33
Barcelona	sun	25
Beijing	fair	27
Belfast	windy	17
Belgrade	sun	27
Berlin	shower	18
Bermuda	shower	28
Bogota	thund	19
Bombay	cloudy	31
Brussels	shower	19
Budapest	sun	24
C.hagen	rain	14
Cairo	sun	37
Cape Town	fair	17
Caracas	fair	23
Cardiff	rain	13
Chicago	shower	25
Cologne	shower	17
D' Salaam	thund	29
Dakar	sun	30
Dallas	fair	33
Delhi	shower	27
Dubai	sun	39
Dublin	rain	14
Dubrovnik	sun	25
Edinburgh	shower	14
Faro	sun	24
Frankfurt	rain	15
Geneva	rain	16
Gibraltar	sun	28
Glasgow	windy	16
Hamburg	rain	15
Helsinki	cloudy	11
Hong Kong	thund	31
Honolulu	fair	32
Istanbul	sun	28
Jersey	rain	14
Karachi	fair	32
Kuwait	sun	42
L. Angeles	fair	23
Las Palmas	fair	27
Lima	cloudy	18
Lisbon	fair	20
London	rain	14
Lux.bourg	rain	14
Lyon	thund	18
Madeira	sun	23
Madrid	fair	21
Majorca	sun	27
Malta	sun	30
Manchester	shower	16
Manila	cloudy	26
Melbourne	fair	16
Mexico City	fair	22
Miami	thund	32
Milan	shower	23
Montreal	shower	22
Moscow	cloudy	10
Munich	shower	20
Nairobi	thund	28
Naples	sun	28
Nassau	thund	36
New York	fair	27
Nice	thund	25
Nicosia	sun	35
Oslo	cloudy	15
Paris	shower	19
Perth	fair	22
Prague	fair	22
Rangoon	shower	29
Reykjavik	fair	12
Rio	shower	24
Riyadh	sun	41
Rome	sun	26
S. Frsco	fair	23
Seoul	shower	28
Singapore	cloudy	31
Stockholm	cloudy	11
Strasbourg	rain	15
Sydney	fair	16
Tangier	sun	23
Tel Aviv	sun	33
Tokyo	shower	28
Toronto	fair	23
Tunis	sun	34
Vancouver	fair	19
Venice	shower	23
Vienna	fair	23
Warsaw	cloudy	16
Washington	sun	28
Wellington	fair	11
Winnipeg	shower	13
Zurich	rain	15

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Austrian oil group stays in the red

OMV, the troubled Austrian integrated oil and chemicals group, has reported an operating loss of Sch552m ($49m) after a loss of Sch584m in the same period of last year. The group, which earlier forecast a return to profit this year, has been badly hurt by competition from eastern European refiners and chemical makers. Page 20

Roxboro plans placing

Roxboro, the manufacturer of specialist electronic components, plans to come to market through an offer and placing next month which is expected to value the group at about £70m ($108m). Page 18

Ashanti seeks London listing

Ashanti Goldfields, owned jointly by the Ghanaian government and Lonrho, the international trading conglomerate, is to seek a London listing next year which could value it at up to £900m ($1.4bn). The sale will be Ghana's biggest sell-off exercise to date. Page 19

Fed up with Fyffes

The stock market's exasperation with Fyffes, the UK and Irish fruit distributor, is growing. Two years ago it looked to be on the verge of European expansion but its I£90m ($130m) war chest is unspent. Page 19

Foreign bank opens in Russia

Dresdner Bank and Banque Nationale de Paris have opened a joint subsidiary in St Petersburg in the first inauguration of a bank wholly-owned by foreigners in Russia since the Bolshevik revolution. However the Russian parliament has proposed a ban on foreign banks dealing with Russian customers. Page 20

Prospective p/e ratio

The latest prospective p/e ratio for the "500" index for calendar 1993 is 15.7, according to IBES, the consensus estimates service (Last week: 15.9). This compares with an IBES estimated p/e for the "500" of 20.6 (21.0) for calendar 1992. The official FT calculation of the historic p/e, based on the latest reported earnings, is 19.92 (20.27).

Market Statistics

Companies in this issue

British Steel may boycott Brussels levy

By Andrew Baxter in London

BRITISH STEEL may pull out of a plan to restructure the EC steel industry unless the European Commission takes tougher action to curb state subsidies.

Mr Brian Moffat, British Steel's chairman and chief executive, will today warn the Commission that the company may not contribute to a levy to finance rationalisation among weaker producers because so little progress has been made to cut subsidies to state-owned producers in Italy and Spain.

The levy is central to the Commission's plans to respond to the deep recession in the industry by cutting 30m tonnes of production capacity.

Mr Moffat will tonight warn Mr Karel Van Miert, the commissioner for competition, and Mr Martin Bangemann, industry commissioner, that the entire restructuring plan could fail if a deal on subsidies is not agreed by November.

He will be among a number of European steel industry leaders at a meeting in Strasbourg tonight called to discuss the Commission's plan to restructure the industry.

The Commission had originally asked steel companies to offer capacity cuts of 30m tonnes by September 30 to help reduce chronic overcapacity. But private sector companies such as British Steel, and the German producers Thyssen and Krupp-Hoesch, have held back arguing it would be unfair for them to offer production cuts while the level of state subsidies to their competitors remained unsettled.

Officially the Commission still hopes it can reach a deal on subsidies in time for the next EC industry ministers meeting on September 21. But with negotiations with Italian and Spanish producers dragging, this looks increasingly unlikely.

Mr Moffat warned that failure by the Commission to reach a satisfactory agreement to cut state subsidies could cause bankruptcies among private sector steel groups.

Mr Moffat said he remained hopeful that the Commission's problems clinching a deal to cut state subsidies would only amount to "three or four months of lost momentum".

Mr Moffat said subsidised producers were delaying reaching an agreement in the hope that an economic upturn would ease the pressure on them to make cuts. He said: "The current situation is an excuse for doing nothing."

Mr Moffat stressed that British Steel was broadly in favour of the levy which would help to finance production cuts over the next five years. But he warned British Steel would not participate if the deal was not in its shareholders' interests.

Lex, Page 16

James Blitz reports on the growing competition in automated trading systems

Foreign exchange dealers enter the 21st century

For nearly a quarter of a century, Reuters, the news and information group, has been the world leader in the provision of electronic trading systems for banks which deal in currency markets. But this week, Reuters will find itself in competition with some of its best clients, a consortium of the most powerful banks in foreign exchange.

Both sides are about to enter battle by offering rival automated dealing systems which can simulate the work done by brokers in the foreign exchange market. The products they are pioneering may change the face of one of the most actively traded financial markets in the world, one where global turnover has reached $1,000bn a day.

Last year, Reuters launched its 2000-2 automated brokerage system after several years developing it at an estimated cost of £60m ($92.4m). It was followed in April by Minex – a service backed by Japanese institutions – much used in Asia.

On Wednesday, at 8am in London, dealers will be able to trade on terminals run by the Electronic Broking Service (EBS). This system, which cost around £40m to launch, has been backed by a dozen leading banks in foreign exchange – such as Citibank and Chase Manhattan – who have formed a consortium with Quotron, specialists in electronic information.

"This is where the 21st century begins for foreign exchange dealers," says Mr Peter Bartko, chairman of the EBS partnership. "In the long term, people have to accept that human brokerage doesn't have a great future."

Brokerage still plays a considerable role in currency dealing. Roughly 60 per cent of deals in the currency markets are now done by traders in two banks – or counterparties – who call one another up directly. The remainder of deals are done through brokers, who bring together diverse buyers and sellers.

Commercial banks rely on brokers for a good proportion of their business and value their knowledge of the market. But they complain that the commissions charged for broking a deal are very high.

Automated brokerage terminals do the same job as humans at a reduced cost. A bank dealer using any of the three on offer can advertise a buy and sell price on dealing screens across the globe. Another bank dealer then "hits" the price by typing instructions on to a terminal. Only when the deal is done are the identities of both parties revealed.

The banks are attracted by the reduced cost of commission. But they fear that 2000-2 will help Reuters monopolise the market in electronic dealing systems. Mr Bartko admits that this is one of the principal motives for this week's launch of EBS.

Reuters has 19,000 conventional dealing terminals in banks around the world. On Mr Bartko's estimate, some 50 per cent of global foreign exchange transactions take place on them. "Reuters 2000-2 could move that figure significantly higher," he says.

He argues that the banks would be "at the mercy" of Reuters if its control of transactions jumped to 70 per cent. They would be in a position to dictate customer charges. Some bank dealers also argue that Reuters could change the structure of the currency market, if it so wished, by selling more systems to non-banking customers who are becoming important movers of international capital.

EBS has one advantage over rival systems: the banks backing it have 35 per cent of turnover on the London foreign exchange market. That means EBS could establish high levels of liquidity very quickly. Mr Bartko says liquidity is the key to success. "You need to have 50 banks using a system to make a professional market in, say, the dollar/D-Mark exchange rate. We already have the critical mass."

By contrast, he says that Reuters 2000-2 cannot offer big volume deals in the main currencies because the large banks have not moved over to using it.

But Reuters is confident. Mr Bob Etherington, the company's international marketing manager, takes EBS seriously but dismisses fears that Reuters is seeking to increase charges by monopolising the market. "In the last 12 years, the prices for using the Reuters Monitor Dealing Service have not kept up with inflation," he said. "We have not abused out position at all."

Mr Etherington believes that 2000-2 will acquire greater liquidity, but he will not reveal volume levels. "From the start, we set targets for the number of trades we wanted to see and we are meeting those targets." He also believes that it is far too early to judge the performance of 2000-2. "It takes a long time to establish these systems in the marketplace as we saw with our earlier systems," he says. "You are asking dealers to start trading in a way they have never traded before, and that can take time."

Officials at EBS admit that Reuters has such huge resources that it can wait to see how automated brokerage develops over many years. And the pioneers of these systems know it will take a long time to bring currency dealers around to using them.

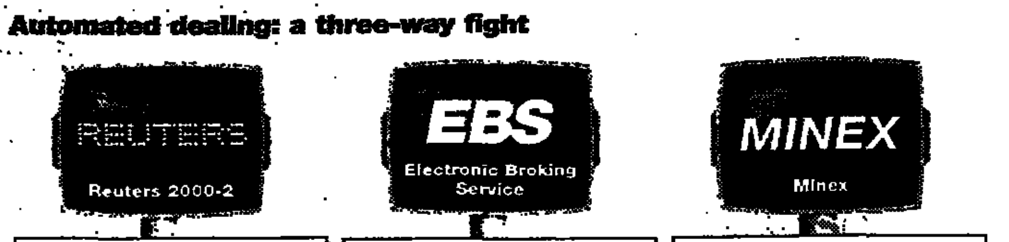
One hindrance to automated brokerage is that traders must make a brokered deal by looking at a screen and tapping buttons on a keyboard. That takes longer than listening to the broker shouting a price on the phone and answering "done". In a market where every second counts, that costs money.

Dealers are also nervous to offer a buy/sell price knowing that either side of the price can be "hit" by any currency dealer in the world. That is a more frightening prospect than operating through a trusted broker or dealing with a known counterparty, especially when exchange rates are volatile.

Automated currency brokerage may never catch on. But it may also be the dawn of a Brave New World – a development no less significant than the launch of the early computerised trading systems in currency markets in the 1970s. The banks merely want to ensure that, if this is the technology of the future, Reuters is not alone in developing it.

Banks would be 'at the mercy' of Reuters if its control of transactions jumped to 70 per cent

Automated dealing: a three-way fight



Reuters 2000-2
- Launched last year with 23 subscriber sites in two countries.
- Now more than 230 dealing sites in 28 cities in 17 countries.
- System has reached initial target of 1,000 trades a day, each for a minimum 1m units of the currency dealt.

EBS – Electronic Broking Service
- To be launched Wednesday by Quotron and consortium of banks in London, New York, Zurich and Amsterdam.
- Will start with 200 dealers in 60 banks and institutions.
- Dealers invited to trade in standard amounts of $5m in $/DM and £5m in £/DM.

Minex
- Went live in April, backed by a consortium of Japanese banks and brokers, KDD, the Japanese telecom company, and Dow Jones Telerate.
- Systems in New York, Chicago, London, Hong Kong, Singapore and Tokyo.
- Does not disclose the number of trades crossed or terminals used.

Canadian utility faces part sell-off

By Bernard Simon in Toronto

ONTARIO Hydro, one of North America's biggest power utilities, is laying the groundwork for a partial privatisation to help ease its acute financial condition.

The Toronto-based utility at present relies entirely on debt financing, and has amassed borrowings of more than C$34bn ($26bn). "We simply cannot any longer tolerate 100 per cent debt financing, we simply do not have enough equity," said Mr Maurice Strong, chairman.

Mr Strong said that Hydro, which is owned by the Ontario provincial government, is preparing a financial restructuring which will include "very fundamental changes".

He indicated that these may include opening the door to outside equity participation.

The province's left-of-centre New Democratic government has up to now been reluctant to endorse private ownership of Hydro. However, Mr Strong said that "the issue isn't privatisation; the issue is financial flexibility".

Mr Strong, who organised last year's United Nations Earth Summit, has launched a far-reaching shake-up at Hydro since he took over as chairman last December.

As part of an austerity plan announced earlier this year, the utility has set a goal of reducing borrowings by a third over the next decade, and trimming its debt-equity ratio from the present 83:17 to about 60:40.

It has chopped its capital spending budget, and is also cutting 6,000 of its 29,000 jobs, and splitting its operations into three separate business units.

Hydro expects to suffer a loss of at least C$1.6bn this year, including an operating loss of about C$200m. It cited slack demand for electricity, write-offs related to restructuring, and continuing problems at a nuclear power station.

The shake-up is a response to growing concern among electricity users at the steep hike in rates, which has averaged 7.3 per cent a year since 1988.

Cheap power has in the past been one of the chief drawcards for investors in Ontario and other Canadian provinces.

Mr Strong has pledged to freeze Hydro's rates next year, and to hold increases for the rest of the 1990s no higher than Canada's inflation rate.

Growth industry in analysing output figures

Economics Notebook
By Peter Norman

Productivity figures rarely make the headlines. When they are next issued in the UK on Thursday, the figures – giving output per head – are likely to be overshadowed by the latest unemployment news published the same day.

But recent official reports, pointing to strong productivity growth in UK and US manufacturing industry, have caught the attention of economists.

Higher productivity is to be expected during economic recovery as orders flow in and capacity utilisation rises. But output growth per head in US and UK manufacturing industry has been particularly strong when set against the hesitant and patchy recovery in the US and the moderate growth of British production.

As productivity is such an important indicator of a nation's underlying economic strength, these trends raise the question as to whether or not the present recovery is qualitatively different from earlier economic upturns.

Figures last month from Britain's Department of Employment showed productivity in manufacturing was 8.2 per cent higher in the second quarter than in the same period of 1992: much faster growth than the 3.1 per cent rise in manufacturing output in the same period.

The US Commerce Department reported last week that output per head in manufacturing grew by an annualised 5.2 per cent in the second quarter and by 7.7 per cent in that part of industry making durable goods: an intriguing development considering that the US administration has revised down its economic growth forecasts.

Admittedly, broader measures of productivity have performed less well in both countries. The most recent UK figures show year-on-year productivity growth of 4 per cent across the whole economy in the first quarter. The US, perhaps reflecting the recent uneven nature of its recovery, reported a seasonally adjusted 1.3 per cent annualised fall in non-farm productivity in the second quarter, revised from earlier estimates of a 2.5 per cent decline.

There is also no consensus among economists about the meaning of recent productivity trends. In a recent paper published by the Brookings Institution of Washington, two distinguished US scholars, George L. Perry and Charles L. Schultze, discovered a notable development in US productivity last year. They said that after six quarters of recovery, non-farm productivity in the US rebounded past previous trend growth (by 1.6 per cent at an annual rate) even though US gross domestic product had been stagnant. But, while describing this as a "striking fact", they were unable to reach a conclusion if this marked a surprise break with established patterns.

Others are less cautious. Mrs Sylvia Ostry, head of the Centre for International Studies at the University of Toronto and a former chief economist at the Organisation for Economic Co-operation and Development in Paris, believes that far-reaching structural changes may be bringing the US "close to a higher growth trajectory".

She suggests that the strong manufacturing productivity growth could reflect technological change, especially in information and communications technology, and investment by multinational corporations. These forces have transformed production methods and organisation of companies.

Heavy lay-offs among US white collar workers and the exceptional increase of sales of computer equipment, which doubled between the end of 1989 and the first quarter of this year, are symptoms of this transformation which has been under way in manufacturing over the past decade, she contends.

Mrs Ostry believes that the services sector is about to experience similar changes. Such changes involve costs: job losses among previously highly paid middle managers could help explain why consumption has been so weak in America. But eventually the greater productivity growth should benefit the economy and give the US a new edge over international competitors.

Some London economists see echoes of the US experience in Britain. Writing in this month's Gerrard and National Monthly Economic Review, Professor Tim Congdon, managing director of Lombard Street Research and one of the chancellor's seven-man panel of independent forecasters, says UK manufacturing productivity "is doing well, much better than would normally be expected from previous cyclical patterns".

UK companies appear to be importing state-of-the-art machinery and copying best practices abroad, while foreign companies are investing in Britain to take advantage of relatively cheap labour, he says.

Two economists at Kleinwort Benson Securities in London, Mr Albert Edwards and David Owen, say British industry has followed the US example of investing heavily in computer equipment that will facilitate corporate restructuring.

Mr Don Smith, an economist with Midland Global Markets in London, expects that increased investment as the UK economy recovers "will introduce a vast amount of new technology into industry and commerce". With the British labour market more flexible than at any time since the 1960s, resistance to change in working practices is at historically low levels, he says.

As Prof Congdon points out, UK manufacturing productivity has been growing strongly for some years. The average annual increase was 4.8 per cent between 1979 and 1989, the highest level of any Group of Seven country.

Mr Smith believes that UK productivity growth for the whole economy will hover around 2.75 per cent in the 1990s, and so be close to the very high growth rates achieved in the 1960s and the early and mid-1980s.

But it needs to be. The gap in productivity between Britain and its main international competitors is so large, that "even if UK productivity growth was consistently 1 per cent higher than other countries, it would be perhaps 15 to 20 years before the UK could catch up with France and Germany, and more than 50 years before it could catch up with the US," he says.

TV group seeks stake in UK daily newspaper

By Raymond Snoddy in London

MR MICHAEL Green, chairman of Carlton Communications, is interested in acquiring a stake in Newspaper Publishing, owners of The Independent and Independent on Sunday.

Mr Green would like to add newspapers to his television interests which include Carlton Television, holder of the London weekday ITV licence.

The expression of interest from Mr Green, who is also chairman of Independent Television News, is being put in the context of trying to strengthen the opposition to Mr Rupert Murdoch's News International and challenging Mr Murdoch's ability to set the media agenda in the UK.

Carlton is only one of six potential investors who have expressed an interest in taking a stake in Newspaper Publishing. The others include Associated Newspapers, publishers of the Daily Mail, and Mirror Group Newspapers.

Mr Ian Hay Davidson, chairman of Newspaper Publishing has made it clear his first priority is to install a new chief executive before going ahead with a refinancing that could involve raising up to £20m ($31m).

Carlton Communications would only seek a stake of around 30 per cent although a "Conrad Black clause" would also be sought. Mr Conrad Black invested in the Daily Telegraph on condition that he would have right of first refusal on any further fund raising. As a result he won control of the Daily Telegraph.

Badgerline accelerates up the takeover trail

By Andrew Bolger

BADGERLINE Group, the bus operator which is coming to the stock market in November, has expanded rapidly by acquisitions in the seven years since a group of managers and employees succeeded in a £3m buy-out of the National Bus Company subsidiary.

It has taken over no fewer than seven other former NBC operations in a strategy similar to that pursued by other fast-growing operators such as Stagecoach, the Perth-based bus operator which came to the market in April, and Drawlane Transport Group.

Of the 62 NBC companies sold to management buy-out teams, a large number have subsequently lost their independence. As a result, the Department of Trade and Industry has expressed anxiety over the rate at which small bus companies have been swallowed up, reducing the competition promised by the break-up of the NBC.

Mr Trevor Smallwood, Badgerline's chairman, said that the position was monitored by the Office of Fair Trading and the Monopolies and Mergers Commission. Problems only arose in particular local areas and had been solved by giving assurances to the regulatory authorities. He believed there was still scope for further consolidation.

Glyn Genin

Trevor Smallwood: still scope for further consolidation

Badgerline is one of the few companies to have expressed an interest in running some of British Rail's bigger operations, if they are privatised. Mr Smallwood said he was still interested in principle, but would need much more knowledge of the terms before making a decision.

The group, which runs 2,300 buses and coaches in the Midlands, south Wales and the southern England, is also interested in bidding for local authority bus services as they are sold off and in offering services in London. It already runs 70 Thamesway buses servicing south Essex.

About 1,000 of Badgerline's 6,200 employees currently own about 90 per cent of the group's shares. Each year the original shares are traded among employees on a "matched-bargain" basis. At the last auction, in April, shares originally worth 3.3p fetched £3.20.

The final value of the shares will not be settled until the structure of the flotation is agreed, but they are likely to be worth significantly more than £3.20.

The flotation will be sponsored by Lazard Brothers, and Cazenove will act as brokers.

Accounting board shelves rent plan

By Vanessa Houlder, Property Correspondent

THE Accounting Standards Board has shelved a proposal to force companies to make a provision in their accounts for unrecoverable rent on vacant leasehold property.

The proposal, which was put forward by the ASB's Urgent Issues Task Force in June, would have required companies to identify the likely shortfall between their obligations under their lease and the amount they would be likely to recover by reletting the property. It had been expected to have a large impact on some companies in London and the south east.

The British Property Federation, which represents landlords, said it had opposed the proposals because it could discourage people from taking out a long lease for fear of having to account for space that was not used at a later date. It had the "potential to inflict serious damage on the property investment industry," it said.

It also said that the proposal would have made it difficult to compare figures in different companies' accounts because the provision would have depended on assumptions about a large number of variables.

Plan that avoids expensive mistakes

Paul Abrahams looks at the remaining clouds on Fisons' horizon

THE LAST 18 months have not been kind to Fisons, the pharmaceuticals and scientific equipment group.

A series of apparently endless regulatory problems, culminating in the withdrawal in the US of some of its best-selling products, the subsequent resignation of its chairman, and a drubbing from the stock market which ended with the company dropping out of the FT-SE 100 Index, have all cast doubt over the future independence of the group.

However, Mr Cedric Scroggs, Fisons' increasingly confident new chief executive, believes his team, which last week announced an improvement in operating profits at the drugs division for the first time in nine months, has answered most of the questions asked about the group's future as an independent pharmaceuticals company.

The regulatory problems appear, at least for the moment, to be over. Mr Scroggs points out that Fisons has shown for the last six months that it can meet the regulators' rigorous standards.

The question whether the company has sufficient scale to discover, develop and market new drugs, has also been mostly answered, says Mr Scroggs.

He adds that on the marketing side, strategic alliances in the US with Rhône-Poulenc Rorer for Tilade, the asthma treatment, and Allergan, a US group, to co-market Acular, the main competitor to Fisons' withdrawn product Opticrom, have shown the way forward.

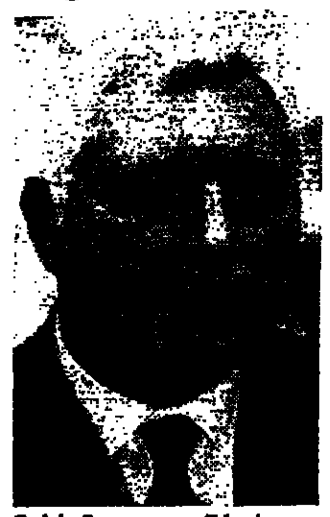
The company is now looking to license in a number of compounds. One will take the place of Tipredane, Fisons' asthma treatment where development was halted in April because of lack of efficacy. Mr Mike Redmond, pharmaceuticals managing director, says the US sales force will have spare capacity after next year and most of the other salesforces are under-utilised at present.

Fisons refuses to say which companies it has approached or the type of anti-asthmatic it wants to licence in. Mr Redmond says Fisons is not interested in a beta2-agonist, the most common form of asthma treatment.

In the meantime, Fisons' development capability has improved considerably, says Mr Redmond. Historically, Fisons has been one of the best places to do research in the UK pharmaceuticals industry, but its track record on development has been lamentable.

The decision to cancel development of Tipredane even has its brighter side, insists Mr Redmond. In the past, the decision whether to cancel would have been put off. Now, the development process has been improved so that decisions are made earlier to avoid expensive mistakes.

In addition, the development of Tipredane has provided Fisons with invaluable experience in developing a product simultaneously around the world, explains Mr Redmond. Tilade was first launched in the UK in 1985, and is yet to filed with the regulatory authorities in Japan. Tipredane would have rolled out within only a few years.



Cedric Scroggs: confident

The increasing willingness to collaborate with other companies means Fisons will also sign a co-development agreement with another group for remacemide, its product for epilepsy, an area in which the company has little expertise. The agreement will reduce the risks for Fisons.

For the longer term, Mr Redmond intends to license-in further asthma products at early stages of development. Innovative medicines such as paf-antagonists and leukotriene antagonists are possible areas for development.

Zeneca of the UK and Upjohn of the US are working on leukotriene antagonists. Schering-Plough, the American group, is working on a paf-antagonist. Roche of Switzerland is working in both areas.

Mr Redmond says Fisons can offer expertise in clinical research and delivery system. A number of companies are interested in using its patented multi-dose dry powder inhaler clinical trials. In addition, any partner could eventually use Fisons' sales forces.

Clouds remain on the Fisons' horizon. The US patents for the nebulised version of Intal, an asthma product and one of its best-selling drugs, expired in August. This version represents about half of the drug's US sales. In addition, an FDA advisory committee will decide next week whether generic companies will be able to launch versions of the inhaled version without doing clinical trials.

In the meantime, Mr Scroggs must turn his attention to the underperforming scientific instruments operations which fell into a loss during the first six months.

He admits the loss, likely to be repeated in the second half, is all the more galling because he was in charge of the business before he was appointed chief executive. "It's a very nasty episode," he admits.

Roxboro to join market with £70m price tag

By Paul Taylor

ROXBORO, the Newmarket-based manufacturer of specialist electronic components, plans to come to market through an offer and placing next month which is expected to value the group at about £70m.

The company grew out of the £29m management buy-out of the electronic components division, Cambridge Electronic Industries (now Graseby), in mid-1990. The buy-out, led by Mr Harry Tee, Roxboro's chief executive, was backed by Schroder Ventures.

After the "back-to-back" sale of the capacitor business for £9m to its management, Mr Tee has refocused Roxboro away from low-margin commodity components and towards production of higher-margin value-added devices. At the same time productivity has been improved and the workforce cut from 1,200 to 650.

The group, which has operations in the UK and US, recorded profits before tax and interest of £4.3m last year on turnover of about £36m. Interim results will be published in a few weeks, however Mr Tee says that profitability in the current year is "substantially" ahead of last year.

In the US the group's existing operations have been restructured and consolidated into one plant at Roxboro, North Carolina which is a leading third party supplier of electro-optical indicators using LEDs (Light Emitting Diodes).

These indicators, sold under the Dialight brand, are used extensively throughout the telecommunications, data communications and processing markets, and in the diversified industrial controls market.

Because of their long life they are also increasingly replacing conventional light bulbs in control panels and displays.

In Britain, Roxboro's two plants at Newmarket and Harlow manufacture specialist electromagnetic devices including relays, solenoids and filters which are sold under the Belling Lee and PED brands, mainly to the telecommunications, instrumentation and industrial markets.

One new growth application for these devices is in the new generation of "smart" utility meters for controlling electricity, gas and water supplies.

Roxboro also designs and builds custom components for companies such as Schlumberger and Motorola.

"We have deliberately positioned ourselves as the number one two or three in our chosen markets," said Mr Tee.

Following the flotation the management is expected to retain about a 20 per cent stake in the enlarged company, which will then have a debt-free balance sheet. Mr Peter Smithan, a senior partner of Schroders Ventures will remain chairman of the group and two non-executive directors are expected to join the board.

The issue will be sponsored by Samuel Montague with James Capel as brokers and the stock is expected to begin trading early in November.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Renault (France)/Volvo (Sweden)	Agreed merger	Vehicle manufacture	c£6.5bn	Sector restructuring continues
Fortis (Netherlands/Belgium	ASLK-CGER (Belgium)	Financial Services	£276m	Aiming for 50% stake
Reed Elsevier (UK)/(Netherlands)	Official Airlines Guide (US)	Publishing	£271m	Agreed at last
Cadbury Schweppes (UK)	A&W Brands (US)	Soft drinks	£217m	Agreed cash bid
Unilever (UK/Netherlands)	Unit of Kraft General Foods (US)	Food	est £195m	Tripling market share
Hagemeyer (Netherlands)	Newey & Eyre (UK)	Electrical distribution	£165m	BTR disposal
QBE Insurance Group (Australia)	Unit of Royal Insurance (UK)	Reinsurance	£39m	Non-core US disposal
Inchcape (UK)	PT Tensia Manufacturing (Indonesia)	Personal care	£1.37m	Buying BP International's 75%
Canon (Japan)	Walter Rentsch (Switzerland)	Office equipment	n/a	Ignores minority holders
Warner-Lambert (US)	Cachou Jajaunie (France)	Confectionery	n/a	Pierre Fabre non-core sale

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	21.10	20.54	23.02
0100	18.11	20.29	22.75
0130	18.07	18.86	21.26
0200	18.07	18.86	21.26
0230	18.11	18.01	18.01
0300	18.11	17.99	17.99
0330	18.07	17.99	17.99
0400	18.07	17.97	17.97
0430	18.07	17.97	17.97
0500	18.07	17.97	17.97
0530	18.72	17.99	17.99
0600	18.03	17.99	17.99
0630	18.03	17.99	17.99
0700	18.01	18.00	18.00
0730	18.01	18.92	21.36
0800	20.33	21.34	23.88
0830	20.87	21.08	23.61
0900	20.95	21.34	23.89
0930	20.95	21.34	23.89
1000	23.15	21.34	23.89
1030	23.68	23.53	26.18
1100	23.68	23.54	26.18
1130	24.20	29.21	32.09
1200	23.68	30.12	33.02
1230	29.61	33.00	35.98
1300	29.61	33.00	35.98
1330	29.61	30.12	33.05
1400	24.20	25.47	28.20
1430	22.03	23.54	26.19
1500	21.16	21.34	23.80
1530	18.09	18.15	18.15
1600	18.09	21.34	23.89
1630	18.09	18.18	18.18
1700	21.16	21.34	23.89
1730	21.25	21.34	23.87
1800	21.25	21.34	23.87
1830	21.25	21.34	23.85
1900	21.25	21.34	23.83
1930	24.57	21.34	23.84
2000	34.67	21.34	23.85
2030	36.00	26.33	29.06
2100	36.00	34.86	37.71
2130	36.00	47.35	50.92
2200	24.57	47.35	50.94
2230	23.71	19.50	19.90
2300	23.15	18.50	18.50
2330	21.16	18.50	18.50
2400	20.95	18.50	18.50

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.
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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	20.72	18.50	18.50
0100	20.33	18.05	18.05
0130	20.33	18.03	18.03
0200	20.33	18.03	18.03
0230	20.33	18.03	18.03
0300	20.33	18.03	18.03
0330	20.33	18.03	18.03
0400	20.33	18.03	18.03
0430	18.72	18.01	18.01
0500	18.72	17.99	17.99
0530	17.46	17.97	17.97
0600	17.38	17.94	17.94
0630	18.35	17.97	17.97
0700	19.37	18.10	18.10
0730	28.10	22.98	25.97
0800	28.91	25.53	28.63
0830	31.90	26.01	29.72
0900	32.10	25.97	29.05
0930	32.16	29.06	32.26
1000	32.58	29.06	32.25
1030	32.68	29.06	32.25
1100	32.80	32.01	35.32
1130	33.14	32.02	35.29
1200	33.55	33.02	36.33
1230	39.86	33.02	36.29
1300	38.40	33.02	36.23
1330	38.78	27.71	30.74
1400	28.27	27.71	30.74
1430	28.20	27.71	30.74
1500	28.20	26.70	29.68
1530	28.21	26.23	29.21
1600	28.42	26.23	29.22
1630	32.91	26.23	29.21
1700	38.64	32.00	35.17
1730	38.42	32.00	35.17
1800	38.87	32.00	35.19
1830	28.02	26.17	29.18
1900	27.84	26.17	29.20
1930	26.44	26.17	29.21
2000	43.25	26.17	29.23
2030	43.25	19.07	19.07
2100	43.22	41.33	44.90
2130	26.51	47.25	50.92
2200	19.50	33.00	33.00
2230	18.64	26.00	26.00
2300	19.07	19.00	19.00
2330	18.24	18.07	18.07
2400	18.11	18.54	18.54

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.
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COMPANIES AND FINANCE

A ripening target for a takeover bid

Fyffes has turned from potential predator to prey, reports Tim Coone

TWO years ago, Fyffes, the UK and Irish fruit distributor, looked to be on the verge of a significant expansion into the European mainland market as it raised I£60.2m in a rights issue and took on a new chief executive, Mr John Callaghan.

For many investors, these were signals that the McCann family, which had run the company since they bought it from United Brands in 1986, were preparing to take Fyffes into the European big league of fruit distribution alongside US majors such as Chiquita and Dole, which *control almost* two-thirds of the "dollar" banana market in Europe.

"In the future we will be making fewer, but larger deals... attractive opportunities come in bigger packages," said Mr Carl McCann, the group finance director at the time.

Two years on, several efforts to make big acquisitions have failed. The Fyffes warchest, totalling I£90m, remains largely unspent and Fyffes itself became in April the target of a takeover offer by Dole, which was rejected by the board.

Then last month Mr Callaghan resigned with no clear explanation being given to shareholders.

The stock market's exasperation with the company is growing. "The lack of information on a matter of such importance is a shameful disgrace for a publicly-quoted company," said one analyst.

The main interpretation in Dublin is that Mr Callaghan found that he was given less freedom of action than he had anticipated when he joined the group. Mr Neil McCann, the executive chairman, and his sons Carl and David, hold the principal posts in the group, and – the argument goes – were unwilling to cede executive control to Mr Callaghan.

Another view is that the McCanns simply came to the conclusion that Mr Callaghan's accountancy background was not necessarily the best suited for heading a fresh fruit trading business.

Its strong cash position and good European growth prospects make the group a potentially attractive company, especially to the big US players

Either way, the incident has been a big embarrassment for the company, and undermined investor confidence in the management team, which has still to appoint a replacement chief executive.

Fyffes' fleeting interest earlier this year in purchasing a *stake in Greencore, the Irish* sugar, milling and malting group, also also raised questions over management strategy, and whether it is as committed to building a Europe-wide fruit distribution network as it says it is.

It is thought that the McCanns might instead choose to spend their cash on an agricultural trader outside their core fruit and vegetable business.

The company's cash is invested mostly in Irish financial assets, and with interest rates now forecast to dip as *low as 5 per cent by the year*-end, pressure will be mounting on the company to spend the warchest on a big acquisition.

In its results for the first half to April, half of the I£14m pre-tax profits came from interest income – a result which will not be repeated in the second half.

Mr Joe Gill, a food industry analyst at Riada stockbrokers in Dublin, notes: "With interest income set to decline, Fyffes will require a strong recovery in operating profits or acquisition-driven profits to attain earnings growth in 1994."

So with stagnating performance, no significant acquisition on the horizon, and retrenchment taking place in *the Dublin headquarters*, Fyffes looks like a ripening target for a new takeover bid.

Dole's April offer, the first for Fyffes since the McCanns took over, valued the company at I£420m, or I£1.15 per share, a six-year high at the time. The *Fyffes board unanimously* rejected the bid, but was careful not to brand it as hostile.

Enough hints were dropped around the market that some of the key shareholders would be sellers at the right price.

One of those is considered to be DCC, the Dublin-based holding company headed by Mr Jim Flavin. DCC has an 11 per cent shareholding, the largest single holding, and although Mr Flavin is a long-term supporter of the McCanns he is also committed to developing DCC as an industrial holding company.

Fyffes stands to benefit *under the new EC banana* import regime, which came into force in July, being an *importer from* both the Central and South American "dollar" banana area as well as from the traditional African, Caribbean and Pacific countries, which enjoy tariff-free entry to the EC.

The new regime will allow Fyffes to pick up market share from Chiquita, Dole and Del Monte, the main players in the "dollar" sector of the European banana market.

Its strong cash position and good European growth prospects make the group a potentially attractive company, especially to the big US players.

Chiquita, currently facing large capital expenditure com*mitments, and posting a loss* last year of $284m, is not considered a likely bidder, and would most certainly be regarded as hostile.

Del Monte is still bedding in under its new Mexican owners, and so Dole remains the most likely contender.

Ms Patricia Fee, an analyst *for BCP stockbrokers in Dub*lin, says that Fyffes' current share price, of I£1.05, has a renewed bid by Dole priced in, although she said she does not anticipate an antagonistic bid. "Dole is dependent upon Fyffes for its sales in the UK market and will not want to prejudice those," she said.

Ashanti to seek London listing

By Roland Rudd

ASHANTI Goldfields, owned jointly by the Ghanaian government and Lonrho, the international trading conglomerate, is to seek a London listing next *year which could value it at up* to £900m.

The Ghanaian government, which owns 55 per cent of the mine, has decided to sell about one quarter of its stake. Lonrho, which manages the mine and owns 45 per cent, has decided not to sell any shares.

The sale will be Ghana's biggest sell-off exercise to date. It had recently called for interested bids from mining companies and *asked the World* Bank's International Finance Corporation to handle the sale.

But in the past few months it decided that a flotation would raise more. It held a "beauty parade" of merchant banks last week to advise it on the sale. These included Morgan Grenfell with stockbrokers James *Capel and UBS.*

Mr Emmanuel Agbodo, the head of Ghana's privatisation programme, recently said Ashanti was "conservatively *valued" at £500m. But the mer*chant banks competing to advise the government on the *flotation believe* it could be worth up to £900m.

Following the takeover of Consolidated Goldfields by Hanson, the Anglo-US conglomerate, in 1989, the banks believe there could be "significant interest" in what will be the first big new listing of a gold mine.

However, they will have to overcome doubts about the stability of the Ghanaian econ*omy and overseas dividend* remittance.

Ashanti had a good first half, with gold production amounting to 380,000 ounces – 16 per cent up on last year. Lonrho has said that projected production for the year at 760,000 ounces is ahead of target.

Lonrho will retain opera*tional control of the mines.*

Ulster TV rises to £1.97m

PROFITS of Ulster Television, the independent programme contractor, advanced from £1.79m to £1.97m pre-tax for the *six months ended June 30.*

The improvement was scored on the back of a turnover some 2.5 per cent lower at £13.2m.

Directors said that comparisons with last year were beset by complexities arising from the loss of Channel 4 airtime, the introduction of a new basis of payment for network and acquired programmes, and the implementation of the programme plans which UTV had submitted as part of its licence application.

They also noted that the improvement in profits was after deducting a half year pro-rata cash bid charge of £516,000 compared with an exceptional levy charge of £90,000.

The interim dividend is being lifted by 2p to 6.25p from earnings of 11.79p (10.22p).

EUROPEAN COAL AND STEEL COMMUNITY
ECU 15.000.000 8% BONDS DUE 1996

We inform the Bondholders that the redemption instalment of ECU 3.000.000, nominal due on November 7, 1993, has been satisfied by a drawing on August 24, 1993, in Luxembourg.The numbers of such drawn Bonds are as follows :

in denomination ECU 1.000 :

3	7	9	12	14	19	22	25	26	29	32	36	40	46	54	55	61	71	75	76	83	85	86	98	103	107	116	124	146
152	159	164	171	178	187	188	189	190	192	193	199	203	206	209	213	220	223	225	233	234	237	249	256	259	261	262	263	275
276	277	280	286	287	289	291	297	302	306	307	309	311	317	320	334	335	338	343	349	385	398	399	405	406	409	410	430	431
444	452	455	475	484	488	489	495	496	501	506	511	512	514	518	520	527	528	530	536	538	547	552	567	572	573	574	575	580
588	591	594	598	600	601	622	623	639	641	645	646	647	651	655	657	658	662	668	669	670	672	676	677	684	686	705	712	723
728	735	742	744	747	768	769	770	776	779	786	794	798	800	807	808	818	819	822	825	836	839	845	851	853	856	867	868	869
871	872	884	887	889	893	906	911	922	930	937	948	961	975	976	989	1001	1003	1012	1020	1024	1025	1026	1035	1036	1045	1047	1073	1082
1085	1087	1089	1096	1098	1102	1104	1117	1124	1126	1127	1130	1134	1136	1138	1143	1155	1157	1159	1160	1162	1167	1176	1178	1182	1195	1201	1202	1204
1205	1206	1211	1219	1220	1229	1232	1240	1242	1243	1251	1262	1266	1280	1286	1296	1297	1308	1313	1316	1324	1329	1330	1337	1351	1352	1371	1375	1382
1385	1386	1389	1392	1396	1397	1403	1423	1431	1439	1440	1441	1442	1444	1449	1450	1454	1470	1472	1478	1483	1484	1488	1490	1493	1499	1508	1510	1514
1518	1520	1521	1526	1531	1537	1540	1549	1556	1558	1563	1565	1569	1577	1578	1586	1588	1589	1592	1595	1600	1603	1606	1611	1618	1622	1628	1629	1638
1640	1643	1654	1655	1656	1658	1661	1665	1671	1683	1690	1692	1695	1703	1705	1706	1707	1708	1713	1720	1732	1733	1736	1740	1758	1760	1762	1763	1764
1768	1771	1772	1783	1792	1805	1814	1819	1828	1830	1832	1838	1840	1845	1846	1848	1858	1861	1863	1866	1868	1871	1874	1881	1882	1883	1886	1889	1898
1902	1903	1904	1916	1920	1926	1929	1932	1935	1940	1962	1963	1964	1969	1976	1978	1981	1992	1993	2002	2005	2008	2010	2012	2013	2018	2022	2026	2027
2039	2051	2057	2060	2061	2063	2068	2070	2079	2085	2087	2095	2097	2112	2122	2127	2133	2148	2150	2151	2160	2162	2163	2166	2171	2176	2179	2185	2186
2187	2195	2200	2201	2206	2215	2218	2221	2228	2232	2236	2245	2246	2252	2265	2270	2278	2279	2280	2281	2282	2288	2305	2312	2331	2332	2337	2338	2352
2353	2356	2365	2369	2371	2379	2385	2387	2388	2397	2409	2415	2416	2420	2440	2444	2446	2447	2450	2467	2468	2473	2474	2482	2488	2491	2496	2498	2500
2504	2510	2511	2522	2523	2524	2534	2535	2558	2561	2567	2568	2578	2579	2580	2582	2587	2590	2593	2595	2604	2605	2608	2622	2633	2635	2636	2643	2644
2653	2665	2667	2668	2672	2675	2677	2680	2681	2685	2690	2700	2705	2706	2707	2709	2711	2717	2723	2726	2729	2736	2741	2745	2749	2753	2755	2756	2759
2762	2764	2767	2768	2776	2778	2782	2783	2784	2785	2789	2791	2795	2811	2816	2828	2841	2846	2851	2854	2860	2865	2868	2870	2872	2876	2877	2879	2882
2888	2894	2895	2902	2903	2906	2911	2912	2915	2919	2920	2933	2938	2941	2942	2943	2950	2955	2960	2963	2967	2975	2977	2978	2980	2983	2988	2990	2995
2998	3002	3008	3010	3011	3022	3024	3025	3027	3047	3050	3058	3064	3067	3082	3083	3090	3094	3096	3097	3101	3104	3105	3107	3113	3116	3138	3139	3151
3156	3157	3159	3166	3171	3175	3177	3187	3190	3191	3203	3206	3215	3216	3218	3222	3229	3232	3237	3238	3241	3244	3250	3259	3261	3263	3278	3282	3283
3284	3290	3297	3299	3304	3305	3307	3308	3318	3326	3327	3329	3339	3343	3344	3346	3350	3370	3376	3389	3390	3391	3405	3424	3429	3439	3444	3454	3459
3478	3482	3488	3491	3492	3493	3494	3495	3496	3499	3502	3515	3524	3525	3526	3540	3551	3562	3571	3573	3574	3575	3579	3587	3591	3592	3604	3610	3615
3620	3623	3629	3630	3634	3636	3643	3644	3645	3650	3655	3657	3659	3664	3669	3670	3676	3685	3691	3702	3707	3708	3719	3721	3722	3727	3728	3729	3734
3735	3744	3746	3750	3756	3759	3760	3762	3767	3769	3771	3774	3783	3791	3809	3810	3811	3820	3823	3827	3829	3834	3839	3840	3847	3857	3860	3867	3868
3870	3871	3873	3879	3882	3892	3911	3912	3915	3919	3922	3925	3926	3933	3945	3946	3953	3954	3964	3969	3971	3972	3973	3974	3975	3981	3984	3985	3993
4001	4002	4005	4006	4013	4022	4024	4039	4042	4047	4052	4055	4061	4062	4064	4066	4075	4077	4087	4092	4093	4096	4104	4106	4108	4111	4123	4144	4147
4148	4150	4153	4157	4173	4174	4177	4183	4185	4195	4198	4202	4212	4214	4218	4228	4239	4241	4242	4244	4249	4254	4257	4270	4283	4287	4292	4296	4299
4300	4304	4307	4309	4315	4319	4329	4332	4337	4346	4351	4355	4359	4361	4363	4372	4382	4384	4385	4388	4393	4394	4398	4400	4411	4418	4421	4427	4428
4435	4436	4438	4448	4457	4459	4474	4475	4486	4492	4505	4515	4516	4519	4521	4535	4536	4538	4548	4549	4556	4563	4575	4577	4588	4591	4598	4599	4608
4614	4617	4618	4627	4629	4636	4641	4653	4656	4658	4660	4662	4678	4681	4682	4688	4702	4711	4712	4714	4719	4738	4741	4743	4746	4751	4758	4770	4771
4778	4780	4784	4796	4797	4799	4805	4812	4815	4817	4826	4831	4835	4844	4850	4852	4858	4859	4860	4868	4869	4879	4882	4894	4897	4898	4902	4904	4908
4911	4912	4919	4920	4921	4931	4942	4943	4946	4957	4968	4980	4981	4988	4990	4992	4994	4998	4999	5009	5017	5022	5025	5034	5035	5038	5039	5044	5054
5066	5068	5070	5072	5074	5083	5085	5087	5093	5094	5099	5102	5110	5124	5132	5141	5148	5149	5152	5163	5169	5176	5182	5184	5186	5192	5227	5235	5237
5238	5245	5247	5249	5251	5253	5264	5265	5267	5290	5292	5312	5314	5317	5322	5323	5324	5326	5332	5334	5341	5344	5363	5365	5394	5397	5402	5406	5407
5409	5422	5433	5437	5441	5443	5444	5445	5446	5448	5450	5452	5464	5473	5477	5483	5486	5488	5489	5491	5495	5501	5503	5507	5509	5518	5521	5525	5544
5546	5550	5551	5553	5562	5563	5567	5568	5571	5572	5575	5578	5580	5581	5582	5584	5585	5587	5591	5602	5603	5605	5606	5611	5612	5615	5616	5621	5623
5630	5633	5643	5649	5650	5655	5656	5657	5658	5665	5673	5675	5686	5689	5694	5703	5704	5705	5718	5732	5736	5744	5747	5748	5754	5755	5767	5774	5781
5793	5794	5802	5806	5807	5809	5814	5818	5823	5825	5830	5834	5835	5837	5838	5841	5842	5846	5847	5848	5849	5856	5858	5861	5866	5873	5875	5876	5881
5883	5884	5892	5894	5896	5903	5906	5912	5919	5920	5921	5922	5923	5924	5928	5936	5949	5950	5954	5955	5975	5976	5979	5981	5985	5987	5988	5997	6014
6023	6024	6027	6028	6029	6037	6039	6040	6042	6045	6049	6054	6055	6056	6057	6059	6060	6065	6067	6077	6080	6081	6091	6092	6093	6101	6105	6106	6108
6121	6125	6128	6148	6153	6159	6162	6169	6170	6172	6175	6176	6182	6194	6196	6204	6222	6227	6230	6231	6234	6242	6245	6246	6252	6257	6266	6281	6285
6288	6291	6292	6296	6303	6312	6321	6328	6330	6331	6332	6334	6337	6354	6363	6366	6372	6375	6376	6382	6383	6384	6408	6409	6413	6414	6418	6421	6436
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6563	6571	6574	6582	6584	6585	6586	6587	6599	6604	6611	6612	6628	6630	6635	6646	6648	6649	6655	6660	6663	6689	6695	6700	6707	6709	6712	6716	6717
6721	6722	6729	6731	6732	6733	6734	6737	6741	6744	6745	6751	6757	6758	6760	6761	6762	6768	6770	6774	6778	6780	6781	6787	6796	6801	6802	6806	6814
6818	6821	6823	6826	6828	6846	6847	6848	6849	6852	6855	6858	6860	6865	6869	6871	6879	6890	6895	6896	6900	6901	6903	6905	6907	6908	6917	6919	6920
6922	6927	6933	6935	6939	6946	6955	6957	6960	6961	6962	6980	6984	6986	6991	6998	7004	7010	7011	7012	7022	7030	7039	7042	7048	7050	7057	7065	7071
7086	7087	7099	7102	7105	7110	7111	7113	7127	7148	7149	7159	7167	7168	7169	7175	7176	7183	7191	7196	7212	7214	7215	7217	7220	7226	7227	7234	7235
7244	7246	7250	7253	7254	7257	7261	7265	7273	7275	7279	7280	7283	7288	7290	7293	7299	7301	7306	7307	7319	7330	7338	7340	7342	7348	7355	7362	7370
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7548	7550	7555	7556	7565	7567	7571	7576	7578	7583	7586	7589	7596	7603	7633	7637	7651	7652	7655	7656	7661	7663	7666	7669	7672	7681	7684	7687	7706
7709	7710	7712	7714	7715	7716	7720	7721	7727	7738	7741	7743	7746	7748	7749	7751	7770	7771	7772	7775	7780	7781	7782	7784	7787	7791	7795	7815	7817
7818	7822	7825	7827	7828	7839	7846	7847	7849	7850	7852	7854	7860	7866	7868	7872	7877	7880	7882	7899	7904	7907	7909	7917	7927	7946	7962	7963	7968
7976	7979	7989	7999	8002	8007	8008	8009	8013	8024	8028	8032	8034	8043	8048	8050	8057	8062	8066	8067	8073	8074	8079	8084	8087	8092	8095	8097	8106
8111	8113	8115	8117	8129	8132	8135	8137	8138	8140	8141	8160	8164	8169	8175	8177	8180	8182	8183	8185	8188	8190	8200	8202	8208	8210	8219	8221	8226
8228	8232	8238	8241	8245	8246	8248	8263	8282	8299	8313	8326	8334	8335	8340	8347	8348	8354	8379	8384	8390	8394	8405	8410	8417	8427	8451	8454	8461
8470	8472	8473	8476	8480	8481	8485	8487	8499	8500	8508	8515	8519	8525	8528	8533	8541	8545	8551	8552	8553	8558	8563	8565	8566	8579	8590	8603	8607
8608	8614	8624	8644	8650	8652	8653	8654	8669	8673	8688	8694	8697	8701	8705	8708	8709	8711	8722	8723	8729	8732	8748	8756	8759	8767	8771	8773	8790
8797	8806	8807	8815	8828	8842	8843	8844	8847	8850	8854	8856	8866	8869	8870	8872	8885	8888	8896	8899	8906	8913	8918	8925	8931	8934	8938	8942	8954
8956	8959	8962	8965	8969	8971	8975	8984	8993	8996	8999	9002	9003	9007	9012	9017	9033	9062	9068	9069	9075	9076	9086	9090	9099	9107	9111	9115	9122
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9243	9245	9250	9257	9258	9262	9263	9265	9266	9267	9273	9277	9278	9279	9287	9288	9289	9290	9298	9302	9321	9324	9325	9329	9337	9338	9343	9364	9368
9374	9375	9381	9390	9392	9396	9399	9424	9426	9427	9428	9433	9435	9440	9443	9450	9453	9474	9478	9491	9497	9496	9510	9515	9521	9526	9544	9546	9548
9551	9554	9555	9556	9562	9567	9574	9578	9583	9584	9586	9599	9605	9619	9625	9628	9632	9635	9639	9655	9663	9664	9674	9679	9699	9717	9721	9731	9732
9743	9747	9748	9751	9756	9763	9764	9771	9775	9783	9786	9789	9800	9804	9805	9807	9810	9813	9818	9819	9820	9828	9830	9837	9842	9847	9848	9859	9862
9863	9872	9873	9874	9875	9883	9891	9899	9901	9902	9908	9913	9924	9930	9934	9938	9940	9941	9943	9946	9961	9969	9971	9973	9977	9980	9985	9987	

in denomination ECU 5.000 :

10006	10007	10009	10015	10016	10017	10021	10022	10025	10026	10027	10028	10029	10030	10031	10036	10037	10041	10043	10045	10046	10047	10048	10049	10050	10051	10053	10055	10056
10057	10061	10062	10066	10068	10070	10071	10072	10073	10074	10077	10079	10080	10086	10087	10088	10089	10091	10092	10093	10094	10095	10096	10097	10098	10100	10101	10102	10109
10110	10112	10114	10115	10118	10119	10120	10121	10122	10124	10125	10126	10133	10134	10135	10136	10138	10139	10140	10141	10142	10143	10145	10151	10156	10157	10159	10165	10166
10167	10169	10170	10173	10178	10179	10180	10181	10182	10187	10188	10190	10191	10192	10193	10198	10199	10800	10801	10802	10803	10804	10805	10806	10807	10812	10816	10817	10828
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10894	10895	10898	10901	10904	10908	10909	10912	10924	10925	10926	10927	10929	10932	10933	10934	10935	10939	10940	10942	10943	10945	10946	10950	10951	10952	10953	10956	10957
10959	10962	10963	10965	10966	10972	10973	10974	10975	10977	10979	10981	10982	10985	10986	10987	10988	10989	10990	10991	10992	10993	10994	10995	10996	10997			

These Bonds will be reimbursed at par on November 7, 1993, coupon due on November 7, 1994 and following attached, according to the modalities of payment on the Bonds.
Amount outstanding after November 7, 1993 : ECU 9.000.000

THE PRINCIPAL PAYING AGENT SOGENAL - GROUP SOCIETE GENERALE PARIS - 15, AVENUE EMILE REUTER - LUXEMBOURG

Secret life of the rich and well-connected

Simon Davies and Kieran Cooke profile Hong Kong entrepreneur Mr Robert Kuok

Mr Robert Kuok Hock Nien is not a typical media tycoon. A Malaysian Chinese who has based himself in Hong Kong for more than a decade, Mr Kuok makes only rare public appearances and avoids any media contact.

He is typical of a select group of the region's overseas Chinese entrepreneurs. One business associate summed him up with: "He is very private, very well-connected, very pro-China, and very rich."

Mr Kuok has no expertise in newspapers, and his only media exposure is as a passive 33 per cent shareholder in TVB, Hong Kong's largest broadcasting station.

Mr Kuok's business empire stretches across national boundaries, encompassing a complex web of private and public companies, mostly controlled by relatives or trusts.

He earned his initial fortune in the commodities business, and is still known as Asia's "Sugar King". He established his first sugar manufacturing enterprise in Malaysia in the late 1950s, moving into sugar cultivation soon after. With steadily rising prices, Mr Kuok amassed millions from his sugar dealing in the 1960s and early 1970s.

Later, Mr Kuok expanded outside the region, forming a joint venture with the French Cie Commercial Sucres et Denrees, the world's biggest sugar trader.

He became involved in the oil trading business, bought control of a Singapore shipping line and, through his listed Perlis Plantations company in Malaysia, started cultivating rubber and palm oil as well as mining tin and iron ore.

As the commodities side of his empire was hit by low world prices, Mr Kuok concentrated on expanding into other sectors, notably his Shangri-La group of hotels. He now owns or operates 23 luxury hotels or resorts around the world.

The Kuok group has also moved into investments in housing schemes, in shopping complexes, and in beach resorts. Through all his business dealings, Mr Kuok showed himself to be adept at making the right connections and contacts – *guanxi* in Chinese.

Over the years he has built up a formidable network of regional business associates, including Mr Liem Sioe Liong, controller of the Salim group of Indonesia, believed to be the world's biggest Chinese controlled group of companies.

"The Kuok empire is one of a handful of overseas Chinese companies that have influence in virtually every country in the region," says a Malaysian analyst.

"The amazing thing is it's still, fundamentally, a family-run business with the patriarch himself making the big decisions. And because its dealings are mostly informal and secretive, no one really knows just how much it's all worth."

Mr Kuok, who is 69, this year officially retired from the day-to-day running of the empire. In the traditional Chinese manner, the Hong Kong and Singapore/Malaysian operations were divided between two sons; but equally traditionally, Mr Kuok has kept a close eye on their activities and remains at the core of the decision making process.

One of the keys to his broad-based business network has been his ability to cultivate political contacts. He has made substantial contributions to a wide range of political causes, and is close to the leadership in Malaysia, Indonesia, the Philippines – and in China.

In 1976, Mr Kuok moved his headquarters from Singapore to Hong Kong, and became a permanent resident two years later. He owns two prime hotels, and his flagship company, Kerry, has been active in trading and stockbroking. However, from the start his attention has been firmly focused on China.

In 1984, he made his first significant investment in China, the $480m World Trade Centre in Beijing. His Hong Kong-listed hotel arm, Shangri-La Asia, owns stakes in six mainland hotels, and he has committed billions of US dollars in investments ranging from an oil refinery and port development in China's Guangxi Province, to numerous property projects. Through these investments, he has also built up an immaculate portfolio of contacts in Beijing.

His only Hong Kong-listed vehicle, Shangri-La Asia, has mainland minority shareholders which include the Ministry of Foreign Economic Relations and Trade, and the Beijing office of China International Trade and Investment Corporation (Citic).

Mr Kuok has been closely involved with the expansion of Citic's Hong Kong-listed arm, Citic Pacific, in which Mr Kuok is now the second-largest shareholder. He has a 13 per cent stake in the company, which has a stock market capitalisation of HK$30bn.

Recently, Mr Kuok's Kerry group secured a 15 per cent interest in the HK$7bn (US$903.2m) Western Harbour tunnel, which will link Hong Kong island with the new West Kowloon expressway leading up to the airport. The consortium also includes Citic and China Merchants, another leading Beijing company in Hong Kong.

It is these connections with Beijing, combined with his lack of media experience, which will inevitably colour perceptions of his acquisition of the South China Morning Post, his largest single Hong Kong investment.

In a written interview in 1991, Mr Kuok admitted he was "averse to dealing with the media". He will undoubtedly remain a distant figure in the workings of his newspaper, but few are prepared to believe that he will not provide both editorial and business direction.

HK securities house disciplined

By Simon Davies in Hong Kong

PEREGRINE Investments, the Hong Kong-listed pan-Asian securities business, has been disciplined by the colony's stock market regulators for misconduct concerning three flotations handled by the company.

Peregrine, which last year purchased 24 per cent of UK fund management group, Invesco MIM, has rapidly emerged as the largest independent merchant banking group in Hong Kong. It has strong commercial and equity links to some of the colony's leading businessmen, such as Mr Li Ka-shing, Mr Gordon Wu and Citic's Mr Larry Yung.

A public reprimand was yesterday delivered to Peregrine's broking arm over activities in the shares of three companies floated by the group's merchant bank.

The Securities and Futures Commission also expressed concern that the listing rules had been breached in two of these flotations, where Peregrine failed to ensure that 25 per cent of the companies' shares were placed in public hands.

The SFC published three specific allegations against Peregrine Brokerage. It was accused of: engaging in stock trading "which was likely to be prejudicial to the interests of the investing public"; contributing to a restricted free-float in the shares of three newly-listed companies; and failing to adequately monitor client trading activities.

Peregrine's dealing director, Mr Jimmy Pang, has had his licence suspended for 2¼ years, and fellow director Mr Peter Wong has also been publicly reprimanded. Mr Pang has left the group.

Peregrine agreed to pay HK$3.5m (US$452,000) to a stock exchange compensation fund, "in recognition of the SFC's concerns about the three areas of misconduct". It also said it had taken steps to avoid repetition of "these problems".

Profits at Pacific Dunlop up strongly to A$260m

By Nikki Tait in Sydney

PACIFIC Dunlop, the Melbourne-based industrial conglomerate, yesterday reported a 22.2 per cent advance in group profit after tax and abnormal items, at A$260.4m (US$170.4m) for the year ended June.

Before abnormal items, the rise was slightly smaller – up 21 per cent, while pre-tax operating profit rose 21.3 per cent to A$384.7. Earnings per share stood at 27.5 cents. Turnover was 8.6 per cent higher at A$6.3bn.

Mr John Gough, chairman, said the improvement in operating profit had been spread across the group. The company was "ready for another period of strong growth", he said.

Performance was particularly marked at GNB Battery Technologies, where earnings before interest and tax advanced 67 per cent.

Elsewhere, solid results were returned by the distribution division, and by South Pacific Tyres and Pacific Dunlop Cables. In foods, the group was "on schedule to achieving the desired levels of profitability and returns".

Results from the footwear and textile business, and from the industrial, foam and fibre group were described as "satisfactory".

Dresdner, BNP open joint bank in Russia

By Leyla Boulton in St Petersburg

DRESDNER BANK and Banque Nationale de Paris have opened a joint subsidiary in St Petersburg in the first inauguration of a bank wholly-owned by foreigners in Russia since the Bolshevik revolution.

Set in the former German embassy in St Petersburg, BNP-Dresdner Bank (Rossija) has a capital of $10m and a staff of 80.

However, a cloud was cast on the opening by the Russian parliament's proposed ban on foreign banks dealing with Russian customers. It is due to decide on Friday whether to finally enact this restriction, which would go into force next January and last until 1996.

The law confining foreign banks to dealing with foreign clients has been pushed through parliament by powerful Russian commercial banks fearing foreign competition. It is opposed by President Boris Yeltsin, the government, the central bank, and parliament's own sub-committee on banking.

They see foreign banks, five of which have already received full banking licences, as a source of western banking expertise and foreign investment.

One central bank official said yesterday he feared last-minute lobbying by the government and the central bank would fail to prevent parliament from going ahead with the law. Another, however, was quoted as saying the central bank would ignore any parliamentary ban.

Mr Anatoly Sobchak, the St Petersburg mayor who wants to restore the city to its pre-revolutionary role as Russia's banking centre, hailed "the courage and wisdom of the two banks in braving the risks to set up their bank".

SAS and Conair in charter deal

SCANDINAVIAN Airlines System and Conair, the Danish private airline, are to form Scandinavia's biggest charter holiday operation, Reuter reports from Copenhagen.

The deal will create a company – Newco – with a DKr2bn ($303m) turnover and 1m passengers a year.

OMV warns of restructuring as losses continue

By Ian Rodger in Zurich

OMV, the troubled Austrian integrated oil and chemicals group, has reported a first-half operating loss of Sch552m ($49m) after a loss of Sch584m in the same period last time.

The group, which had forecast a return to profit this year, has been badly hurt in recent months by low cost competition from eastern European refiners and chemical makers. It said it expected an operating loss of about Sch1bn in the full year, and was "unlikely" to pay a dividend.

It warned that large-scale restructuring measures were planned. These would involve the closure of chemical plants, the disposal of selected chemical and polymer processing activities, and the formation of business alliances in some chemical and plastics sectors.

The bad news followed a week of turmoil in OMV shares – among the most liquid and widely held Austrian equities – in response to speculation about the results and the cancellation of a press conference pending approval by the supervisory board of restructuring plans. The shares tumbled from Sch797 on Monday to a low of Sch700 before recovering to Sch742 at the week's close.

The group said its plastics division had "an extremely difficult time" in the first quarter, while earnings in the petrochemicals, refining and chemicals businesses dropped sharply in the second quarter.

The extent of the deterioration was emphasised by the fact that the loss was incurred in spite of cost savings of Sch1bn through earlier rationalisation programmes. The group said it did not expect any improvement in market conditions in the coming months. Turnover was flat at Sch40bn, and cash flow rose 8.7 per cent to Sch2.34bn.

OMV said its exploration and production division improved operating profit from Sch20m to Sch260m, but mainly because of spending cuts and the sale of its Canadian subsidiary.

The important refining business widened its loss from Sch300m to Sch380m, partly because of weak prices but also because of increased competition from low-cost eastern European refineries.

The marketing division eked out a Sch30m profit after a loss of Sch80m, mainly because of the benefits of rationalising the petrol station network.

Losses in the chemicals division doubled to Sch430m, as prices in western European industrial markets slid. Eastern European competition hurt fertiliser sales and prices.

Plastics prices recovered slightly in the second quarter, but remained below previous year levels. The divisional loss expanded slightly to Sch710m from Sch690m.

LTV plans share offer to help reorganisation

By Richard Waters in New York

LTV, the third-biggest US steel producer, is planning an international share offering just weeks after emerging from seven years in bankruptcy protection.

The company plans to sell 20m new shares, 3m of them internationally, according to a filing last week with the Securities and Exchange Commission. Its share price fell $¼ on the news, to end last week at $11.

LTV said it planned to use the proceeds to support its capital spending and make contributions to its pension plan, among other things. As part of the court-approved agreement with creditors that allowed it to emerge from bankruptcy in June, LTV agreed to pay $850m into its pension fund at once to cover part of the plan's $3bn underfunding. It has to pay the remainder over the next 28 years.

The issue will be the second injection of capital for the steelmaker: its financial reorganisation also triggered a $200m investment from Sumitomo Metal Industries of Japan, which now holds around 10 per cent of the company.

The share issue will be underwritten by Salomon Brothers, Goldman Sachs and Smith Barney.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Signs point to extended advance

AFTER another fall in long-dated gilt yields and soothing words from the UK chancellor about public borrowing, bond investors see little on the horizon to interrupt the upward movement in prices of the past few months.

The drop of about 10 basis points in yields of 20-year gilts during the week brings the fall in the past month to roughly 70 basis points. In the year since sterling left the European exchange rate mechanism, yields for this class of gilts have dropped by more than 2 percentage points, underlining expectations that inflationary pressures will remain muted for some time.

Investors were cheered last week by comments by Mr Kenneth Clarke, the chancellor, that he was prepared for tough action in his Budget on November 30 to curb the growing gap between state spending and borrowing.

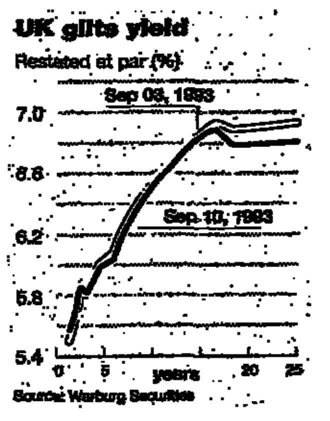
Although such remarks have become obligatory for any chancellor, Mr Clarke has expressed himself with enough force to persuade many gilt practitioners that he means what he says.

With a raft of government data this week – notably Wednesday's retail price index for August – about the UK economy, and an expected announcement by the Bank of England that a gilt auction of about £3bn will be held at the end of the month, trading over the next few days can be expected to pick up.

In the short term, funding will provide few worries for the market, given that as the Bank has already sold about £30bn of the £45bn or so of gilts which it will probably have to despatch during this financial year. So the Bank probably sees no need to accelerate its programme of gilt sales, mainly through monthly auctions.

However, expectations that the Bank will sell internationally important 10-year stock at this month's auction slowed foreign demand for this type of gilt during the past week, one factor for yields being little changed in this section of the gilt curve.

Later in the 1990s, the volume of gilts needed to fund the high projected borrowing requirements may force up yields. That explains the interest in the various strategies for pulling back the state deficit, which according to the Treasury's last forecasts in March will drop only marginally to £44bn in 1994-95 from £50bn this financial year. Many private-sector economists, including some of the Treasury's outside advisers, believe significant cuts in public spending may be needed, alongside the £16bn of tax increases already scheduled for the next two years.



The consensus among economists is that it would be difficult to make substantial inroads into the planned spending of £254bn in the next financial year. However later in the 1990s parts of the £70bn-a-year social security budget could be cut, especially in areas such as child benefit.

Professor Patrick Minford of Liverpool University, one of the "seven wise men" who advise the Treasury on economic issues, favours an urgent programme of public spending cuts from 1995-96.

Both Prof Minford and Mr Andrew Sentance, head of economics at the Confederation of British Industry and another "wise man", see no need for Mr Clarke to announce more tax increases for next April. This is on the grounds that the expected recovery will automatically push up tax revenues.

However, Professor David Currie, head of economic forecasting at the London Business School and another Treasury adviser, believes the underlying deficit is so big that a further increase in taxes of up to £4bn may be needed from 1994-95.

Peter Marsh

GERMAN BONDS

D-Mark's strength provides support

AFTER last week's "rate cut that wasn't", German government bonds are expected to stay supported in the short term by the D-Mark's continuing strength.

Moreover, slow economic growth and the government's restrictive fiscal stance are expected to keep a lid on inflationary pressures, allowing the Bundesbank to cut rates further – albeit slowly – and supporting bunds in the longer term.

While the Bundesbank last week cut its discount and Lombard rates by a half point, to 6¾ and 7¾ per cent respectively, it lowered its more important repo rate by only 10 basis points, to 6.70 per cent, reaffirming its cautious easing stance.

Bund yields rose on the news on profit-taking after the recent rally. Ten-year yields have fallen some 110 basis points since the beginning of the year. In the past month alone, they dropped by 25 basis points to 6.12 per cent.

However, last week's modest repo easing has capped long yields and boosted the D-Mark against the dollar and most European currencies. Most analysts say this scenario is likely to continue supporting bunds in coming weeks.

According to Mr George Magnus, chief international economist with SG Warburg, a reversal of the D-Mark's strength is unlikely. For one, European central banks will continue buying D-Marks to shore up their foreign reserves, which were depleted by heavy currency intervention during the recent crisis in Europe's exchange rate mechanism.

Moreover, as Germany's neighbours start exploiting their wider ERM fluctuation bands to cut rates independently, their currencies may weaken further against the D-Mark, he says. Lastly, Mr Magnus points out that German real short-term rates are unlikely to fall much as their decline will go hand-in-hand with a decline in inflation.

The Bundesbank justified its latest rate cuts with ebbing inflation, lower-than-expected money supply growth, and the D-Mark's strength.

In western Germany headline inflation is currently running at 4.2 per cent, but economists expect the rate to fall to around 3.5 per cent by the year end, and well below 3 per cent in 1994.

M3 money supply, which grew by an annualised 7.4 per cent in July, is set to rise further in August, bloated by that month's heavy currency intervention.

However Bundesbank president Mr Helmut Schlesinger said recently he expected M3 to return to its 4.5 to 6.5 per cent target later this year. The Bundesbank regards M3 as an indicator of future inflation.

Meanwhile, Bonn's plans for a tighter fiscal stance indicate the total public-sector deficit as a percentage of GDP will fall in coming years from some 8 per cent in 1993. All this will support bunds in coming months, and analysts see 10-year yields falling to around 6 per cent by the year end, and as low as 5¼ per cent in 1994.

Continued rate cuts by the Bundesbank would enable investors to make quick profits by placing their money at the short end of the yield curve. But longer-term investors are still best off at the long end, most analysts concur.

"When the Bundesbank starts easing again, the shorter maturities should perform well," said Mr Rainer Back, bond strategist at DB Research, a Deutsche Bank subsidiary. "But over the longer term, the long end offers the best total returns."

Conner Middlemann

US MONEY AND CREDIT

Inflation watch proves unsettling

TAKE another cigarette from the packet. Light up, sit back and draw deeply. If you dwell for too long on the heights to which the US bond market has climbed, you'll need something to steady your nerves; and after all, smoking is now cheaper than it's been for years.

Cigarette prices have become one of the most powerful symbols of this deflationary era. Last month, the price of cigarettes tumbled by no less than 25.6 per cent. The price war sparked by Philip Morris earlier this year, when it announced a cut in the price of its Marlboro brand for a trial period (later made permanent), finally hit home.

The downswing in cigarette prices accounted for the 0.6 per cent fall in the producer price index for finished goods in August, the biggest drop for more than two years. Without tobacco, the figures released on Friday showed a 0.2 per cent rise for the month.

After the three previous months of declines (reversing the up-tick in spring which seemed to herald a rise in inflation), the latest figures brought the annual rise in the producer price index down to a paltry 0.6 per cent.

The figures sparked yet another round of buying in the bond market's latest two-month surge. The benchmark 30-year Treasury bond staged a one-point rally, driving the yield down to 5.87 per cent. At that level, the yield was seven basis points lower than a week before, and around 70 basis points lower than at the beginning of August.

It all feels like a year ago, when weak August employment and prices figures raised questions about the strength of the US recovery.

The bond market bulls had something else to celebrate last week: a sharp setback in the gold price. The rally which had taken the price of gold from less than $340 an ounce to nearly $400 appeared in the early summer to herald a belief that resurgent inflation was about to make a come-back.

On Thursday, though, no less than $14 an ounce was wiped off the price of gold, leaving it at around $350 an ounce and putting the market back close to its lowest for seven years. Weak oil prices – which contributed to the August slump in the producer price index – have also raised the spirits of bond buyers.

Nevertheless, the Treasury market is becoming a dangerous place to be for those of a nervous disposition. Just a day before Friday's producer price numbers, the price of the long bond dropped a point and a half, driven down by news that the powerful House Ways and Means Committee was to review the exemption from withholding tax of foreign investors (the withholding tax was lifted in 1984).

Given the scale of the US budget deficit, and the role played by foreigners in financing it, no-one seriously expects a withholding tax to be reimposed (a more likely reason for foreigners to stay out of the Treasury market is the weakening dollar.) However, the market was looking for the chance of a correction, and the withholding tax scare seemed as good an opportunity as any.

Were the last two days' trading a warning of greater volatility to come? Speaking during the relative calm of Wednesday, Mr Leif Olsen, a former chief economist of Citicorp, who now runs his own consultancy, Econ Consultants, cautioned that the bond market was about to enter a more volatile period.

After several months of low inflation, one or two months of higher-than-average price rises will be needed to keep inflation for the year at the 2.5 to 3 per cent level that most economists expect (the recent figures have not prompted economists to review their inflation forecasts downwards, whatever the market markets' outlook).

When the monthly data show a bigger rise in prices, how will the bond market react? Investors will be hard-pushed to tell whether it is just one month of higher prices, or whether the long-run trend has turned up, says Mr Olfsen.

Mr David Hale, chief economist of Kemper Financial Services of Chicago, has a similar point to make. Writing ahead of last week's figures, he pointed to the likely inflationary effects of the mid-west flood on food prices, and the imposition of a gasoline tax.

"The odds are high that there will be at least one or two months of 5 per cent inflation at annual rates during the fourth quarter. If industrial raw materials are also firming, there will probably be a setback in bond prices and the Fed will have another serious discussion about whether it should hike short-term interest rates," he said.

Time for another cigarette?

Richard Waters

HK developer in China move

NEW WORLD Development, one of Hong Kong's largest property developers, is launching a US$200m Dublin-listed investment holding company to help fund expansion into mainland China, writes Simon Davies in Hong Kong.

The newly-formed company, New World China, will be 37.5 per cent-owned by New World and will acquire a number of the parent company's existing China investments. Initially it will take on around US$80m of existing projects.

FT/ISMA INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
Abb Intl Fin 5⅞ 95	200	104⅜	-⅛	4.43
Abbey Natl Treasury 6½ 03	1000	103¾	+⅛	5.97
African Dev Bk 7¾ 23	500	110½	+⅛	6.58
AlbertaProvince 8⅞ 96	750	111⅞	-⅛	4.76
AlbertaProvince 8⅝ 95	900	116⅛	-⅛	4.26
American Express 0 00	450	84⅞	+⅛	8.17
American General 9¾ 95	100	108⅜	-⅛	4.80
American Intl 0 04	750	51⅝	+⅛	6.28
Amoco Canada 7¼ 02	250	110	+⅛	5.79
Asfinag 7½ 02	200	110½	+⅛	5.77
[illegible]				
Sears Euro Trust 8¾ 98	750	108¾	-⅛	4.80
Sears o/s Fin Zero 0 98	300	78	+⅛	5.84
Sears Roebuck Euro 9¾ 95	500	108⅛		4.34
Skandinaviska Ensk 7⅞ 97	500	106¾	-⅛	5.39
SNCF 9½ 98	150	118¾		5.15
Spain 6½ 98	1500	108¼	+¼	5.29
State Bk NSW 8½ 96	200	108⅝	-⅛	4.75
Sweden 5½ 95	2000	102⅛	-⅛	4.29
Sweden 6½ 03	2000	108	+⅛	5.59
Sweden 8¾ 96	350	110⅝		5.04
Swedish Export 8⅞ 98	700	109⅛	-⅛	4.63
[illegible]				
Quebec Hydro 9 01	300	118¼	+⅛	5.80
Quebec Hydro 9¾ 98	150	118⅝		5.43
Quebec Prov 9 98	200	113⅞		5.47
Queensland Govt 10½ 95	100	110⅝	-⅛	4.38
Ralston Purina 11¾ 95	150	110⅝	-⅛	4.82
Reed Publishing 9⅞ 97	150	115	-⅛	5.20
Rolls Royce Capital 7⅞ 03	300	105	+⅛	6.42
Sainsbury 9⅞ 96	150	111¼	-⅛	5.06
Sandoz o/s Fin 6⅞ 00	300	108¼	+⅛	5.21
SAS 10 99	200	115		6.82
SAS 10½ 95	150	109⅞	-¼	5.28
SBAB 9½ 95	500	108½	-⅛	4.25
SBC Finance 7¾ 98	200	108½	-¼	4.85

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
Asian Dev Bank 6 10	100	110¼	+⅛	5.05
Council Europe 4¾ 98	250	101¾	+⅛	4.30
EIB 6¾ 04	300	113		5.18
Elec de France 7¼ 06	100	116⅝	+¼	5.48
Finland 7¼ 99	300	112½		4.83
General Motors 7½ 95	100	103		5.42
Hyundai Motor Fin 8½ 97	100	107½	-½	6.32
Iceland 7⅞ 00	100	114		5.18
Kobe 6⅜ 01	240	110½	+½	4.75
New Zealand 4⅞ 99	200	100¾	-⅛	4.71
[illegible]				

	Issued	Bid price	Chg on week	Yield
[illegible]				
ECSC 8¾ 96	700	107½	+⅛	6.02
EEC 8½ 00	2900	102	-⅛	6.11
EIB 7½ 99	400	107½	+⅛	6.09
Finland 7½ 00	3000	105¾	-⅛	6.34
Ireland 7¾ 02	500	107½		6.62
Italy 7¾ 98	5000	103⅝	-⅛	6.27
Spain 7¾ 03	4000	105¼	-⅛	6.46
Sweden 8 97	2500	107		6.04
Tokyo Elec Power 7⅞ 02	1000	107½	+⅛	6.56
United Kingdom 7¼ 97	5500	104½	+⅛	5.86
Volkswagen Intl Fin 7 03	1000	102¼	-½	6.67
World Bank 0 15	2000	28⅛	+⅛	6.17
World Bank 5⅞ 98	300	101⅛	-⅛	5.25
World Bank 6¾ 00	1250	114¼		6.06

EQUITY WARRANTS	Expiry	Price	Chg on week	Prem
[illegible]				
Canon	24/06/95	11	-1¾	16.60
Casio Computer	04/03/97	23	-2¼	6.82
Dowa Mining	18/03/97	16⅛	-⅞	13.00
Hankyu Dept Stores	14/03/98	10¼		24.61
Kobe Steel	12/08/95	2¾	-1	70.99
Mitsui Toatsu Chem	30/01/98	3⅜	-⅜	
Morinaga	13/08/95	13⅝	-⅞	12.72
Nichirei Corp	11/08/98	27¼	-1½	18.08
Nisshin Steel	18/04/96	2½	-⅝	94.69
Okura	30/01/96	10¼	+⅛	13.49
Royal Hotel	14/03/95	1		89.05
SMC	25/07/95	3¾	-⅛	62.67
Takashimaya	02/07/96	8⅞	-⅜	32.44
Toyo Sash	05/08/97	8⅞	-½	69.38
Yamatake-Honeywell	12/02/97	26⅞	-1¾	8.92

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn=current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

Closing prices on September 10

CONTRACTS & TENDERS

HUNGARY
TELECOMMUNICATIONS PROJECT FOR THE BUDAPEST TRUNK NETWORK

INVITATION TO TENDER

This Invitation to Tender follows the General Procurement Notice embracing this project which was published in Procurement Opportunities, No. 1 dated April, 1992.

The HUNGARIAN TELECOMMUNICATIONS CO. LTD (hereinafter referred to as HTC) has received a loan from the European Bank for Reconstruction and Development embracing a project for the development of the Budapest Trunk and Junction Transmission Network.

HTC now invites sealed tenders for a supply and installation contract with the following content:

Reconstruction and expansion of existing plant with an overall length of approximately 4 km and construction of new underground plant with an overall length of approximately 9 km and an average of 8 ductways throughout.

Installation of optical cables utilizing some 32 km of previously purchased Pirelli cables with an average of 40 fibres and some 74 km of new optical cables and an average of 40 fibres throughout.

Supply and installation of 140 x 34 Mbps and 51 x 140 Mbps optical line transmission systems and associated 2/34 Mbps and 34/140 Mbps mulitplex equipment.

The works to be executed under this contract cover almost the entirety of the Budapest territory.

Tendering for contracts to be financed with the proceeds of a loan from the European Bank for Reconstruction and Development is open to firms from all countries.

Tender documents may be inspected at the address below as from 22nd September, 1993 and purchased upon payment of a non refundable fee of USD 400 (local companies shall pay HUF 39.600). Remittances shall be made to the account of Inteltrade Co. Ltd with Citibank, Budapest number 98931/2949 - 008 using the following reference:

EBRD Tender No. TB-106/KA

Tender documents will be made available on presentation of the receipt for the effected remittance from

INTELTRADE CO. LTD.
Mr Attila Kovács, Head of Procurement Dept.
Budapest, II, Medve utca 25-29, 1027, Hungary
Tel: (+36-1) 201-0054 or 175-4590
Fax: (+36-1) 201-0017 or 201-0008

All tenders must be accompanied by a bid security, in an acceptable form, of 3% of the value of the bid in any freely convertible currency and must be delivered to the above address not later than 11.00 am on 23 November, 1993. The tenders will be opened promptly thereafter in the presence of the tenderers' representatives who choose to attend.

LEGAL NOTICES

No. 007440 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR REGISTRAR PIMM
IN THE MATTER OF THE MANCHESTER SHIP CANAL COMPANY
AND
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE OF MEETINGS

NOTICE IS HEREBY GIVEN that, by an Order dated the 27th day of August 1993 made in the above matters, the Court has directed separate Meetings to be convened of the holders of (i) the Scheme Ordinary Shares; and (ii) the Scheme Preference Shares as respectively defined in the Scheme of Arrangement hereinafter mentioned, for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the above-named company ("the Company") and the holders of the Scheme Ordinary Shares and the Scheme Preference Shares and that such Meetings will be held at the Lesser Free Trade Hall, Peter Street, Manchester on the 21st day of September 1993 at the respective times mentioned below:

(i) the Meeting of the holders of the Scheme Ordinary Shares at 11.30 a.m.;

(ii) the Meeting of the holders of Scheme Preference Shares at 11.45 a.m. or as soon thereafter as the preceding Meeting shall have been concluded or adjourned;

at which place and respective times all such shareholders are requested to attend.

Copies of the said Scheme of Arrangement, together with the Form of Election referred to therein, forms of proxy and copies of the statement required to be furnished pursuant to Section 426 of the above mentioned Act can be obtained at the principal office of the Company and at the offices of its solicitors. The principal offices of the Company is at Quay West, Trafford Wharf Road, Manchester, M17 1HH.

The said shareholders may vote in person at each of the said Meetings as they are entitled to attend or they may appoint another person, whether a shareholder of the Company or not, as their proxy to attend and vote in their stead.

A form of proxy for use at each of the Meetings is available as stated above.

In the case of joint holders of either class of share the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Shareholders.

It is requested that forms appointing proxies be lodged at the Company's registrar, KPMG Peat Marwick, Freepost, Stoke-on-Trent, Staffs ST1 5BR, not less than 48 hours before the respective times appointed for the said Meetings, but if forms are not so lodged they may be handed to the Chairman of the Meeting at the Meeting at which they are to be used.

By the said Order the Court has appointed Sir Peter Lazarus or failing him J B Chilton Esq or failing him Councillor G E Stringer to act as Chairman at each of the Meetings and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED 31st August, 1993

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London EC2A 2HA
Solicitors to the Company

INTERNATIONAL BONDS

IFC emerges from the World Bank's shadows

THE International Finance Corporation, the private sector arm of the World Bank, is starting to emerge from the shadow of its bigger and older sibling.

In the past, the IFC's presence in the international bond market has been dwarfed by the World Bank, whose borrowing programme is about 10 times bigger than the IFC's. However, rapidly growing demand from developing countries for private-sector financing could well tip the balance more in the IFC's favour in the coming years.

Mr Robert Graffam, director of the IFC's treasury and financial policy department, says volume of new financing has risen 20 per cent a year over the past five years.

Although the lion's share of the IFC's investment programme is financed through loans, it also makes equity and off-balance-sheet investments.

For example, the new investment programme for the current fiscal year, which runs until the end of June 1994, is estimated at $2.4bn. Of the total, Mr Graffam expects that $1.6bn will be in the form of loans, which the IFC will finance by borrowing in the international bond market. This compares with a borrowing programme of about $1bn in the 1993 fiscal year, and an annual average of $800m in the preceding three years.

The IFC tends to conduct most of its borrowing in fixed-rate dollars, which are then swapped into floating-rate dollars. This is because 90 per cent of its lending is denominated in the US currency. However, it taps other sectors of the international bond market if they offer attractive swap opportunities back into dollars.

It has already raised about $650m this fiscal year through various issues denominated in Hong Kong dollars, lire and yen.

The IFC plans to launch a dollar Eurobond issue of between $300m and $500m in the next three months. Mr Graffam is aiming for a spread of not more than five basis points over the yield on the World Bank's latest global bond offering. The World Bank's offering was priced to yield 10 basis points over underlying US Treasuries at the launch last week.

The IFC's average funding target for its Eurobond issues, which usually have a maturity of five years, is 50 basis points below dollar Libor (London interbank offered rate). But the IFC, which is triple-A rated, only achieved 36 basis points below dollar Libor in fiscal 1993, mainly because of a lack of arbitrage opportunities. Currency and interest-rate swaps were hindered by volatile financial markets earlier in the year, when the European exchange rate mechanism came under pressure.

The IFC is an intensive user of derivatives. This facility has been extended to its clients to enable them to manage risk more smoothly and to trade on the same terms as competitors in the developed world.

Most developing countries are barred from the international derivatives markets because they are not regarded as acceptable counterparts in a swap transaction. The other obstacle is a lack of information about how to operate in these highly complex markets.

Since the IFC is eligible to trade in the international derivatives markets – the notional value of its swap book stood at $4.9bn at the end of fiscal 1993, against total borrowings of $5.5bn – it can act as an intermediary for its clients.

Mr Graffam gives the example of an Egyptian steel company which would have been driven out of business but for the IFC's access to the derivatives market.

The company was having increasing difficulty in servicing a large yen-denominated loan, taken out to finance the purchase of capital equipment from Japan, because the yen had started to rise sharply and its revenue was denominated in dollars. However, the IFC saved the company from bankruptcy by executing a series of currency swaps on its behalf.

"By using derivatives our clients can eradicate mismatches which should not have been there in the first place," Mr Graffam says.

The IFC is active throughout the world, but at present more than 60 per cent of its loan and equity portfolio is located in Latin America and Asia.

However, Mr Graffam expects the weighting to shift to eastern Europe and the Middle East over the coming years, as those regions adopt market-oriented economic policies. The IFC recently made its first investment in Lebanon for 10 years.

The IFC, whose share capital is provided by its 155 member countries, seeks profitable returns on its loans and equity investments. "We would like to be increasingly self-sustaining," says Mr Graffam. "We cannot rely on getting additional financing from our shareholders."

● Moody's Investors Service, the US credit rating agency, has upgraded the foreign-currency debt rating of the People's Republic of China by one notch to A3 from Baa1. The rating has been assigned to China's Y30bn five-year Eurobond issue launched last week.

Antonia Sharpe

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
MDX Public Co.(b)§	80	Sep.2003	4.75	100	-	-	Nomura International
Cheung Kong Finance Cayman	500	Sep.1998	5.50	99.91R	5.521	+83 (4¾%-98)	Goldman Sachs Intl.
Telefonica de Argentina	300	Oct.2000	8.375#	99.61R	8.450	+348 (8¾%-00)	Citibank International
Okamura Corp.	*100*	*Sep.1997*	*4.875*	*100R*	*4.875*	*+47 (h)*	*Mitsubishi Finance Intl.*
Sapiens Intl. Corp.(l)§	60	Sep.2003	5#	100	-	-	Swiss Bank Corp.
World Bank	1.25bn	Sep.2003	5.25#	99.401R	5.328	+10 (5¾%-03)	Lehman Brothers/Nomura
Orix Ireland Finance‡	100	Sep.1997	(m)	100	-	-	Sanwa Intl. Finance, HK
Thermo Instrument Systems(n)§	60	Sep.2000	3.75#	100	-	-	Lehman Brothers Intl.
BIC Banco	50	Mar.1996	10#	99.875R	10.058	+615 (h)	Socimer Intl. Finance
Amex Master Trust 1993/1(p,d)	600	Sep.2000	5.375#	99.854R	5.400	+38 (6¾%-00)	Lehman Brothers Intl.
Westpac Banking Corp.‡	350	Oct.1995	(q)	99.95R	-	-	Salomon Brothers Intl.
Hydro-Quebec‡	200	Oct.2005	(r)	99.75R	-	-	Kidder Peabody Intl.
Banespa(Grd. Cay. Branch)(s)	150	Oct.1996	9.25#	99.94R	9.273	+515 (4¾%-96)	CSFB
BNL (Hong Kong Branch)(t)‡	50	Oct.2003	(t)	100.15R	-	-	Morgan Stanley Intl.
Toyota Motor Credit Corp.(u)	50	Sep.1995	5	100	-	-	CSFB
Republic of Venezuela(x)	c250	Sep.1995	(x)#	(x)R	-	+295 (3¾%-95)	Goldman Sachs Intl.
Republic of Venezuela(x)‡	c50	Sep.1995	(y)	(x)R	-	-	Goldman Sachs Intl.
Urban Mort. Bank of Sweden‡	100	Oct.1998	(z)	99.65R	-	-	Chemical Inv'ment Bank
Banco Safra	100	Sep.1996	8#	100R	8.000	-	Bear Stearns Intl.
Banco Credibanco	60	Oct.1996	8.75#	99.75R	8.847	+473 (4¾%-96)	ING Bank
D-MARKS							
Bayerische Vereinsbank O'seas	500	Oct.2003	6.25	101.90	5.992	-	Bayerische Vereinsbank
Kingdom of Belgium	1bn	Oct.2003	6.25	99.63R	6.301	+18 (6½%-03)	Morgan Stanley
LKB Baden Württemberg(l)	500	Sep.2008	6.50	102.85	6.203	-	JP Morgan
STERLING							
Barclays Bank(v)	100	undated	9	100.458R	8.959	+155 (8¾%-17)	Barclays de Zoete Wedd
FRENCH FRANCS							
Crédit Foncier de France(w)	500	Feb.2007	8.375	114.51	6.690	+18 (8½%-08)	CCBP
YEN							
Kao Corp.(d)*	10bn	Dec.1998	4.50	100	-	-	Sumitomo Finance Intl.
Kao Corp.(d)*‡	10bn	Dec.1997	(e)	99.90	-	-	Fuji Intl. Finance
Hankyu Corp.(d)	10bn	Jan.2004	4.90	99.95R	-	-	Sanwa International
Hankyu Corp.(d)	10bn	Jan.2002	4.75	100.075R	-	-	Daiwa Europe
Ebara Corp.(d)	10bn	Dec.2000	4.50	100.20R	-	-	DKB International
Mitsubishi Corp. Finance(o)	*10bn*	*Oct.1997*	*3.60*	*100.25R*	-	-	*Fuji Intl. Finance*
Peoples Republic of China	30bn	Sep.1998	4.375	100R	4.375	-	Nomura International
CANADIAN DOLLARS							
Province of Ontario	500	Sep.2005	7.25	98.50R	7.443	+63 (7½%-03)	Wood Gundy
World Bank*	200	Oct.1998	6.25	99.82R	6.293	+10 (6½%-98)	Daiwa Europe/Sanwa Intl.
Ford Credit Canada(a1)	150	Oct.1998	7	100R	7.000	+75 (6½%-96)	Wood Gundy
GUILDERS							
Eurofima	400	Oct.2003	6.125	100.10R	6.111	+12 (6¼%-03)	Rabobank Nederland
AKZO	300	Oct.2003	6.375	99.45R	6.451	+46 (6½%-03)	ABN Amro Bank
ITALIAN LIRA							
Abbey Natl.Treasury Services	*200bn*	*Oct.2003*	*8.375*	*101.295*	*8.180*	-	*Deutsche Bank London*
Crédit Commercial de France‡	150bn	Sep.1998	(f)	100.25	-	-	San Paolo, Turin
AUSTRALIAN DOLLARS							
R & I Bank Western Australia	100	Oct.1998	6.50	101.45	6.154	-	Hambros Bank
PESETAS							
European Investment Bank	40bn	Sep.1996	8.30	101.31	7.794	-	Banco Central Hispano
SWISS FRANCS							
*Ohba Co.(a)*ф*	*40*	*Sep.1997*	*0.75*	*100*	-	-	Yamaichi Bank (Switz.)
Art Life Co.(c)*§	45	Dec.1997	0.25#	100	-	-	Nikko Bank (Switz.)
Depfa(g)*	100	Sep.1998	2.50	100	-	-	UBS
France Telecom	300	Oct.1998	4.125	102.25	3.700	-	Swiss Bank Corp.
SBAB(d)	150	Jan.1997	4.375	102.125	-	-	Credit Suisse
Kokune Corp.(k)*§	70	Sep.1997	0.125#	100	-	-	Yamaichi Bank (Switz.)
Pacific Construction Co.(l,o)*§	60	Oct.1998	2.125	100	-	-	Bankers Trust/ SBC
Oekofonds	500	Nov.2005	4.375	102.25	4.133	-	Credit Suisse
Dow Chemical Company	150	Oct.2000	4.825	101.25	4.414	-	Credit Suisse

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. §Convertible. ф With equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price. *This issue was incorrectly described in Friday's edition. a) Denom.: SFr50,000 + 50 4-year warrants. Exercise price: Y1794. FX: 74.36Y/SFr. b) Conversion price: 155baht. FX: 25.17baht/$. $20m green shoe option. Callable from 17/9/97, subject to 140% rule, at par. c) Conversion price: Y2900. FX: 74.45Y/SFr. Callable on 31/12/95 at 102% declining by 0.5% semi-annually. Callable, subject to 150% rule, on 30/6/94 at 101.75% declining 0.25% semi-annually. d) Short 1st coupon. e) Coupon pays 3.55% fixed annual until Dec. 1995 and 6-month Libor - 0.125% thereafter. Puttable on 22/12/95 at par. f) Coupon pays 3-month Libor - 0.0625%. g) Denom.: SFr50,000 + 270 6-month warrants. Each warrant is exercisable into DM1000 of 6½% Treuhand bonds due 2003 at 102%. h) Spread is over the interpolated yield curve. i) Conversion price: $32.33. Callable, subject to 130% rule, on 20/9/96 at 103% declining by 1% annually. Callable from 20/9/98 at par. j) Issue launched 23/8/93 was increased to DM1.5bn. k) Conversion price: Y913. FX: 75.50Y/SFr. Callable on 30/9/95 at 102% declining ½% semi-annually. Callable, subject to 130% parity rule, on 31/3/94 at 101% declining ¼% semi-annually. l) Conversion price: 22.35 New T$. FX: 19 New T$/SFr. Puttable on 31/12/98 at 112.5%. m) Coupon pays 3-month Libor + 0.47% for 1st 3 years and 3-month Libor flat in final year. Puttable on 17/9/95 at par. n) Conversion price: $31%. Callable from 15/9/96 at 101% and from 15/9/97 at par. o) Short 1st and 2nd coupons. p) Class A notes. Global issue. q) Coupon pays 6-month Libor + 0.1%. r) Coupon pays 6-month Libor - 0.25%; minimum 5%, maximum 8%. s) Puttable in the event of the State of Sao Paolo owning less than 51% of the issuer. t) Issue launched on 2/9/93 was increased to $150m. Coupon pays 6-month Libor - 0.1875%, minimum 5.75%, maximum 10%. u) Redemption amount = 100% + (15 x [5.70% - 3yr D-Mark offer swap rate]), paid in $. v) Callable at the higher of a level yield to gilts or par and from 11/10/2023 at par. w) Fungible with the outstanding FFr3bn. Plus 237 days accrued interest. x) Pricing and split between fixed and floating tranches of this $300m 2-tranche deal will be determined today. y) Coupon pays 6-month Libor + 2.8%. z) Coupon pays 6-month Libor + 0.375%. a1) Long 1st coupon. Note: Yields are calculated on ISMA basis.

RISK AND REWARD

Divisions hazy in OTC derivatives clearing debate

THE clearing of over-the-counter derivative products, debated at last week's annual gathering of exchange executives at Bürgenstock in Switzerland, is attracting mounting attention, but the industry remains divided by vested interests.

OTC instruments are currently settled bilaterally (between two counterparties), while exchange-traded contracts are settled through a clearing house, which assumes the credit exposure. The issue has highlighted the blurring of definitions of exchange-traded and OTC products.

Historically, the distinction has been that exchange-traded instruments are highly homogeneous and standardised products, while OTC instruments are individually designed to suit each clients' needs, and therefore unsuitable for central clearing.

The reality is that standardisation is relative. For example, parts of the dollar swap market are liquid and actively traded using the International Swaps and Derivatives Association's master agreements.

Several exchanges have looked at the possibility of using their own clearing houses to settle OTC products, a potentially lucrative business. OM Stockholm already offers a service known as tailor-made clearing for certain instruments.

The most advanced project is to use the Options Clearing Corporation to operate clearing for OTC market participants through Multinet, which is being set up as a New York bank by founding members, which include First National and Chase.

There have also been efforts by exchanges to design products which emulate the specially-tailored characteristics of OTC swaps and options.

The most successful venture to date has been the Chicago Mercantile Exchange's flex options. Other exchanges, including the American Stock Exchange – which launched its first flex options on stock indices on Friday – and the Chicago Board of Trade – which plans to launch flex options on treasury futures – are hoping to emulate that success.

However a global service offering clearing to the broader OTC market could come from a different source. The Exchange Clearing House – Echo – will next year offer multilateral foreign exchange contract netting and settlement on a global basis. Its dozen shareholders are all banks, including Barclays, Commerzbank, Rabobank and Banque Nationale de Paris.

Mr Graham Duncan, managing director of Echo, says the scope may be extended to include longer-dated, derivative instruments. However, the issue is a complex one. In the foreign exchange market, the main worry is settlement risk: overnight exposure to a credit often for very large amounts of money.

In the derivatives market there is not only the initial settlement risk, but credit risk continues throughout the life of the swap. If a clearing house were involved, the clearing house, not another bank or company, would become the counterparty.

This solution may not be favourably viewed by the top-rated banks, which currently not only have a competitive advantage, but are able to charge a premium of 5 or 10 basis points to their clients, because of their strong credit ratings. Since most of them are not keen to sacrifice this advantage, the chances of a pan-industry drive for derivative instruments appears slim.

There is another more serious argument, which suggests that an OTC clearing house could actually increase, rather than reduce, risk. It goes like this: bank deposit guarantee schemes have proved dangerous because investors take the view that, as long as their money is guaranteed, they should go for the best return regardless of credit.

Similarly, in a clearing house agreement, low-rated banks could be given excessively large credit lines by other banks because they know they do not have to worry about credit.

However, there are pressures in the other direction too: regulatory and capital pressures may yet drive banks towards multilateral clearing in the OTC market.

Tracy Corrigan

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close September 10

MONTREAL

4 pm close September 10

Total Sales 22,703,031 shares

INDICES

NEW YORK

DOW JONES	Sep 10	Sep 9	Sep 8	Sep 7	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3621.63	3589.49	3588.93	3607.10	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	109.25	109.14	109.34	109.44	109.45 (30/8)	103.49 (11/1)	109.45 (30/8/93)	54.99 (1/10/81)
Transport	1611.46	1603.58	1593.09	1613.17	1683.08 (18/4)	1453.84 (4/1)	1683.08 (15/4/93)	12.32 (8/7/32)
Utilities	255.96	254.62	253.01	254.86	258.45 (31/8)	217.14 (8/1)	258.45 (31/8/93)	10.50 (8/4/32)

DJ Indl. Day's High 3636.16 (3616.04) Low 3578.64 (3556.52) (Theoretical♠)
Day's High 3622.47 (3598.99) Low 3588.66 (3575.80) (Actual♠)

STANDARD AND POOR'S	Sep 10	Sep 9	Sep 8	Sep 7	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	461.72	457.50	456.65	458.52	463.56 (31/8)	429.05 (8/1)	463.56 (31/8/93)	4.40 (1/6/32)
Industrials♥	519.51	515.17	514.76	517.48	524.99 (10/3)	486.48 (26/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	48.24	47.57	46.97	48.98	48.24 (16/9)	39.89 (8/1)	48.24 (10/9/93)	8.64 (1/10/74)
NYSE Composite	255.93	253.74	253.16	254.59	256.88 (31/8)	236.21 (8/1)	256.88 (31/8/93)	4.46 (25/4/42)
Amex Mkt. Value	456.06	453.38	451.08	456.26	461.57 (3/9)	395.84 (8/1)	461.57 (3/9/93)	29.31 (9/12/72)
NASDAQ Composite	744.31	737.71	730.73	739.35	749.71 (3/9)	645.87 (26/4)	749.71 (3/9/93)	54.87 (31/10/72)

	Sep 3	Aug 27	Aug 20	year ago (approx.)
Dow Industrial Div. Yield	2.80	2.80	2.82	3.15

	Sep 8	Sep 1	Aug 25	year ago (approx.)
S & P Industrial div. yield	2.49	2.45	2.46	2.63
S & P Indl. P/E ratio	27.57	28.07	27.86	27.52

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Royal D Pet	32,672,400	103¼	+ 2⅛
Nat Semi	3,761,700	20½	+ 1¼
Chrysler	2,758,700	44¼	+ ¾
Citicorp	2,697,400	35⅝	+ ¼
Wal-Mart	2,555,100	24½	+ ¼
Pepsico	2,312,800	40¼	+ ⅜
Baxter Int	2,308,600	21⅞	---
Glaxo	2,210,900	19¾	+ ¼
IBM	2,184,700	43¾	- ⅝
Paramount	2,085,000	60⅞	+ 4

TRADING ACTIVITY

† Volume (Millions)	Sep 10	Sep 9	Sep 8
New York SE	266.464	257.127	278.690
Amex	16.971	17.443	20.422
NASDAQ	(u)	265.498	307.522
NYSE			
Issues Traded	2,610	2,613	2,632
Rises	1,332	1,131	597
Falls	654	871	1,424
Unchanged	624	611	611
New Highs	132	51	84
New Lows	14	24	35

CANADA

TORONTO	Sep 10	Sep 9	Sep 8	Sep 7	1993 HIGH	1993 LOW
Metals & Minerals	3019.55	3024.52	2993.58	3039.85	3140.94 (16/8)	2743.31 (21/1)
Composite	4001.69	4009.32	3992.87	4023.71	4143.70 (1/9)	3275.80 (21/1)
MONTREAL Portfolio	1895.53	1906.83	1887.79	1906.43	1963.55 (1/9)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	Sep 10	Sep 9	Sep 8	Sep 7	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1941.5	1931.4	1939.5	1967.8	1977.10 (1/9)	1495.00 (13/1)
All Mining (1/1/80)	811.2	803.6	820.8	851.4	904.50 (2/8)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	386.96	386.58	386.27	398.48	403.05 (31/8)	300.26 (14/1)
Traded Index (3/1/91)	975.77	974.19	970.81	1012.17	1019.13 (8/8)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1329.65	1323.89	1323.87	1338.58	1365.70 (12/8)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	333.84	335.01	335.79	335.59	340.58 (19/8)	261.98 (4/1)
FINLAND						
HEX General (28/12/90)	1399.5	1393.5	1380.0	1374.5	1432.90 (19/8)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	581.44	584.52	585.86	591.21	600.51 (31/8)	471.24 (13/1)
CAC 40 (31/12/87)	2108.38	2108.75	2129.44	2137.29	2218.49 (31/8)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	722.73	725.52	722.30	735.27	746.41 (31/8)	598.92 (14/1)
Commerzbank (1/12/53)	2059.20	2068.4	2058.0	2098.4	2128.60 (31/8)	1694.30 (14/1)
DAX (30/12/87)	1881.44	1880.81	1885.29	1885.98	1944.83 (31/8)	1516.58 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7593.45	7586.76	7607.13	7548.71	7607.13 (8/8)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1714.98	1701.79	1707.13	1729.38	1754.84 (19/8)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	597.51	592.64	594.18	609.75	632.86 (30/8)	448.33 (6/1)
MIB General (4/1/93)	1315.0	1304.0	1307.0	1340.0	1390.00 (30/8)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	20817.98	20825.58	20918.19	20962.10	21116.21 (3/9)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1677.50	1676.34	1682.82	1689.78	1698.67 (3/9)	1250.06 (25/1)
2nd Section (4/1/68)	2293.38	2293.12	2302.56	2276.76	2384.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	820.74	833.03	842.54	849.70	851.43 (3/9)	614.28 (13/1)
NETHERLANDS						
CBS Tt.Rtn.Gen.(End 1983)	370.9	370.7	370.0	374.9	385.20 (31/8)	285.70 (4/1)
CBS All Shr (End 1983)	242.4	242.3	241.8	245.0	252.30 (31/8)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	905.89	890.42	908.53	922.55	979.17 (13/8)	659.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1919.22	1911.77	1886.28	1882.00	1919.22 (10/9)	1270.66 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	512.97	515.43	518.00	519.95	519.95 (7/9)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1543.0♥	1553.0	1476.0	1589.0	2098.00 (30/7)	775.80 (5/1)
JSE Industrial (28/9/78)	4538.0♥	4512.0	4528.0	4580.0	4718.00 (8/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	686.76	696.14	683.89	690.95	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	288.47	292.02	294.38	294.94	304.88 (30/8)	215.60 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1274.90	1281.8	1272.1	1284.4	1339.10 (18/8)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1031.40	1039.8	1044.7	1047.3	1077.90 (25/8)	904.80 (11/1)
SBC General (1/4/87)	813.60	820.1	824.6	826.8	854.70 (25/8)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	3873.08	3941.30	3885.19	3874.08	5013.28 (7/4)	3088.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	993.29	996.68	994.66	986.72	996.85 (9/9)	818.64 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	599.3*	600.0	597.0	602.0	605.20 (8/9)	489.60 (13/1)
Euro Top-100 (26/6/90)	1091.22	1096.25	1098.64	1103.66	1133.15 (30/8)	862.73 (13/1)

**Saturday September 4: Taiwan Weighted Price; 3858.30, Korea Comp Ex; 685.66.
♥ Subject to official recalculation.
*Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Friday, September 10, 1993

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	7.8m	333	-8
Kawasaki Steel	6.1m	329	-11
Kobe Steel	5.7m	290	-10
Fujitsu	4.8m	835	-2
NKK Corp	4.8m	282	-12
Sumitomo Mtl Ind.	4.3m	316	-13
Nikko Kyodo	4.0m	494	-3
Toshiba Corp	3.8m	696	+2
Mitsubishi Hvy	3.4m	679	+4
Sumitomo Bank	3.3m	2,300	-50

AUSTRIA

FRANCE

GERMANY (continued)

NETHERLANDS (continued)

SWEDEN (continued)

BELGIUM/LUXEMBOURG

NORWAY

SWITZERLAND

DENMARK

ITALY

SPAIN

FINLAND

GERMANY

SOUTH AFRICA

NETHERLANDS

JAPAN

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

MALAYSIA

SINGAPORE

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

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FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

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Other explanatory notes are contained in the last column of the FT Managed Funds Service.

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	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF						081-663 3003
European Trust	6	56.17	56.17	59.74	1.66	[illegible]
Far Eastern Tst	6	67.16	68.07xd	72.42	0.32	[illegible]
Smaller Cos	5	169.5	174.5xd	185.6	1.53	[illegible]
Smith & Williamson Unit Tst Mgrs (1700)F						
1 Riding House St, London W1A 3AS.						071-637 5377
S & W American	5	264.2	264.6	280.1	0.57	[illegible]
S & W Capital	5	123.4	123.4xd	132.3	1.46	[illegible]
S & W Cash	0	102.05	102.05	102.05	5.51	[illegible]
S & W European	5	120.1	120.2	127.1	0.72	[illegible]
S & W Far Eastern	5	159.0	160.8	170.1	0.00	[illegible]
S & W Growth	5	132.8	134.3xd	142.1	1.46	[illegible]
S & W Income	5	121.2	122.4xd	129.5	4.57	[illegible]
S & W Magnum	5	129.9	129.9	139.4	1.41	[illegible]
S & W Smlr Secs	5	341.0	348.0	368.2	0.56	[illegible]
S & W Thoroughbred	5	152.3	152.3xd	163.4	1.36	[illegible]
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth						0202 298422
Cash	1	50.15	50.15	50.65	5.3	[illegible]
Conv'd Prference	5½	58.53	58.81xd	62.73	7.5	[illegible]
Ethical	5½	56.53	56.34xd	59.93	3.6	[illegible]
European Growth	5½	63.30	63.87	67.91	2.8	[illegible]
Income	5½	58.09	58.54	60.30	5.4	[illegible]
Intl Growth	5½	85.34	85.90	91.82	2.7	[illegible]
Managed	5½	73.46	74.26	79.23	3.4	[illegible]
UK Growth	5½	58.07	58.58xd	63.63	4.1	[illegible]
Standard Life Tst Mgmt Ltd (0730)H						
3 George St, Edinburgh EH2 2XZ						0800 393777
Managed Acc	5¼	46.63	46.63	49.55	1.46	[illegible]
UK Equity Gth Acc	5¼	83.64	84.77	89.82	1.04	[illegible]
UK Eq High Inc Inc	5¼	38.23	38.23	40.62	3.50	[illegible]
UK Eq High Inc Acc	5¼	45.40	45.40	48.24	3.50	[illegible]
UK Equity Gen Acc	5¼	57.18	58.24	61.88	2.08	[illegible]
UK Equity Gen Inc	5¼	43.30	44.10	46.86	2.08	[illegible]
UK Larger Cos Acc	F 7½	304.4	308.6	333.6	3.64	[illegible]
UK Larger Cos Inc	F 7½	302.9	307.0	333.2	3.64	[illegible]
Gilt & Fxd Int Inc	5¼	33.45	33.94	35.47	6.73	[illegible]
O'seas Lrg Cos Acc	F 7½	285.2	290.3	315.0	1.21	[illegible]
Nth American Acc	5¼	42.34	42.60	45.27	0.64	[illegible]
Far East Acc	5¼	59.75	59.75	63.49	0.28	[illegible]
European Acc	5¼	43.95	43.95	46.70	0.74	[illegible]

	Bid Price	Offer Price	Yield Gross	City-Line
Foreign & Colonial Unit Management Ltd				
Balanced Acc Aug 31	199.0	205.5	2.97	43441
Balanced Inc Aug 31	195.5	203.1	2.97	43443
Latin American Acc Aug 31	117.9	119.2	1.49	43444
Funds in Court*				
Capital Aug 19	584.92	598.39	3.61	40506
Gross Aug 19	221.51	223.29	9.42	40596
High Yield Aug 19	381.77	394.92xd	6.69	40507
* Restricted to monies under Court control				
Gowett (John) Unit Mngmt Ltd				
Managed Exempt	116.84	119.18	3.60	43446
Henderson Unit Trust Management Ltd				
Pensions Mngd	66.13	67.47	2.09	40676
Henderson TR				
Ex European	1415.18	1495.25	1.22	47801
Ex Nth American	1355.27	1367.60	0.84	47802
Ex Pacific Basin	986.36	1002.41	0.52	47803
Ex Smaller Cos Inc	2148.83	2258.63	2.19	43737
Ex Smaller Cos Acc	2302.25	2429.12	2.19	43752
INVESCO Asset Management Ltd				
Exempt Funds				
Asia & Australasia	£3.4210	3.5020	2.32	44503
Japan	£2.2980	2.2580xd	0.00	44504
Intl Mngd P'Folio(1000-1)	£1.6859	1.7080	1.03	46984
Mngd Pens (Acc)	£0.9057	0.9053	3.67	41507
North American	£2.4800	2.4840	2.49	44505
Smaller Companies	£1.5440	1.6038xd	3.60	44506
UK Core	£1.0780	1.0980xd	4.31	43452
Jupiter Merlin Unit Trust Managers Ltd				
Jupiter Merlin Exempt Trust				
UK Equity	213.73	13.99	–	43453
Lazard Brothers & Co. Ltd				
Property Aug 5	£2059.0	2235.0	7.00	40777
Inc Gth Prp Jul 12	£1440.8	1600.0	6.90	40778
Lazard Investors Ltd ‡				
Exempt Funds				
Small Co's Sep 8	£5535.0	5748.2	2.30	40786
European Sep 8	£768.5	768.4	1.44	40776
American Sep 8	£428.2	432.8	1.49	40773

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial (0891 or 0336) 430000, enter 4 and key in the five digit code listed below. Calls are charged at 36p/minute cheap rate and 48p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (071) 873 4378.

Providence Capitol Life Assc. Co Ltd - Contd.

Provident Life Assoc Ltd

Save & Prosper Group (z)

Scottish Amicable

Sun Alliance Group - Contd.

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

Royal Skandia Life Assurance Ltd (z)

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

Butterfield Fund Mngrs (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

Merrill Lynch Guernsey

Mitsui Capital Mngt (Europe) Ltd

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

Morgan Grenfell Profunds Plc

Old Mutual International Fd Mngrs Ltd (u)

Old Mutual International Ltd

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices: dial (0891 or 0336) 430000, enter 4 and key in the five digit code listed below. Calls are charged at 36p/minute cheap rate and 48p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (071) 873 4378.

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE AND MONEY MARKETS

Focus on yen

THE FOCUS in currency markets will be on the Japanese yen this week, amid expectations that the authorities in Tokyo are on the verge of unveiling a package of measures to stimulate the economy, writes James Blitz.

On Friday, the yen came under strong selling pressure against the dollar as dealers took the view that the authorities in Tokyo were about to implement their third successive fiscal boost to the economy, possibly cutting the official discount rate in the process.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

Last week, Mr Manae Kubota, the Economic Planning Agency Minister, said that the prime minister wanted a one trillion yen package to improve the social infrastructure.

Another factor pushing the yen lower may have been reports that the Japanese foreign minister had said that Tokyo could set targets for the reduction of the trade surplus.

Mr Ian Gunner, an economist at Chase Manhattan bank in London, says the yen is likely to come under strong pressure this week – and he expects it to fall as low as Y110 in the next few weeks.

European dealers are likely to be preoccupied with developments in France and Germany.

Following last week's Bundesbank rate cut, there are expectations that the French could take the opportunity to ease policy in their money market operations. However, many dealers expect the strength of the D-Mark to persist, and this may stay the Bank of France's hand for a while longer.

In the US, the markets will focus on August consumer prices, retail sales and industrial production. The CPI is forecast to rise 0.2 percent, after Friday's 0.6 percent fall in producer prices. Retail sales are expected to rise 0.1 percent with industrial production up a modest 0.3 percent.

£ IN NEW YORK

Sep 10	Close	Previous Close
£ Spot	1.5615-1.5620	1.5480 1.5500
1 month	0.37-0.35pm	0.37 0.35pm
3 months	1.06-1.03pm	1.06 1.05pm
12 months	3.17-3.07pm	3.22 3.12pm

Forward premiums and discounts apply to the US dollar

OTHER CURRENCIES

Sep 10	£	$
Argentina	1.5465 - 1.5475	0.9996 - 1.0000
Australia	2.3865 - 2.3885	1.5410 - 1.5420
Brazil	152.800 - 152.820	98.7500 - 98.7610
Finland	8.7639 - 8.8490	5.6575 - 5.6775
Greece	358.650 - 363.900	230.400 - 235.100
Hong Kong	11.9685 - 11.9710	7.7370 - 7.7380
Iran	2439.00 - 2445.00	1583.00 - 1585.00
Korea(Sth)	1239.40 - 1258.30	804.10 - 810.50
Kuwait	0.46240 - 0.46330	0.29900 - 0.29950

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep 10)	3 months US dollars	6 months US Dollars	
bid 3 1/16	offer 3 3/16	bid 3 1/4	offer 3 3/8

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm					
Prime rate	6	One month	2.74	Three year	4.09
Broker loan rate	5	Two month	3.03	Five year	4.67
Fed.funds	2 15/16	Three month	3.02	Seven year	4.89
Fed.funds at intervention	-	Six month	3.15	10-year	5.29
		One year	3.30	30-year	5.89
		Two year	3.79		

Sep 10	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.00-7.25	6.70-6.80	6.50-6.65	6.50-6.60	6.20-6.30	7.25
Paris	7 9/16-7 7/16	7.20-7.45	-	7.05-7.30		6.75
Zurich	4 3/4-5	4 3/4-4 7/8	-	4 5/8-4 3/4	-	-
Amsterdam	6.38-6.50	6.38-6.48	-	6.25-6.35	-	-
Tokyo	2 13/16-2 3/4	-	-	-	-	-
Milan	9 1/4-9 13/16	9 3/16-9 1/4	-	9 1/8	-	-
Brussels	-	9 7/8-10 1/8	-	9-9 1/2	-	-
Dublin	6 5/8-6 3/4	6 11/16-6 13/16	6 11/16-6 13/16	6 5/8-6 3/4	6 7/16-6 9/16	-

LONDON MONEY RATES

Sep 10	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7	6 7/8	5 15/16	6 1/16	5 15/16	5 7/8
Interbank Bid	4	5 7/8	5 13/16	5 15/16	5 13/16	5 5/8
Sterling CDs	-	-	5 29/32	5 27/32	5 3/4	5 5/8
Local Authority Deps.	5 1/4	6 1/4	5 15/16	5 7/8	5 3/4	5 5/8
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6 1/2	5 1/4	-	-	-	-

BASE LENDING RATES

Bank of India 6	●Hambros Bank 6	●United Bk of Kuwait 6
Bank of Scotland 6	Heritable & Gen Inv Bk. 6	Unity Trust Bank Plc 6
Barclays Bank 6	●Hill Samuel 6	Western Trust 6
Brit Bk of Mid East 6	C. Hoare & Co 6	Whiteaway Laidlaw 6
●Brown Shipley 6	Hongkong & Shanghai 6	Wimbledon & Sth West 7
CL Bank Nederland 6	Julian Hodge Bank 6	Yorkshire Bank 6
Citibank NA 6	●Leopold Joseph & Sons 6	
City Merchants Bank 6	Lloyds Bank 6	
Clydesdale Bank 6	Meghraj Bank Ltd 6	
The Co-operative Bank 6	McDonnell Douglas Bk. 6	
Coutts & Co 6	Midland Bank 6	
Credit Lyonnais 6	Mount Banking 6	

● Members of British Merchant Banking & Securities Houses Association

STOCK INDICES

	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 3	1993 High	1993 Low	Since Compilation High	Since Compilation Low
FT-SE 100	3037.0	3031.2	3035.4	3038.6	3059.0	3057.3	3100.6	2737.6	3100.6	986.9
FT-SE Mid 250	3476.3	3468.9	3462.4	3470.2	3475.7	3478.9	3513.3	2876.3	3513.3	1379.4
FT-SE-A 350	1523.6	1520.9	1521.6	1523.6	1532.3	1531.9	1552.2	1348.7	1552.2	664.5
FT-A All-Share	1511.39	1508.51	1509.36	1511.38	1519.21	1518.59	1537.57	1086.13	1537.57	61.92
FT-SE Eurotrack 100	1283.72	1285.95	1286.53	1277.38	1284.10	1293.60	1319.96	1063.02	1319.96	900.45
FT-SE Eurotrack 200	1355.84	1362.52	1363.68	1365.81	1371.90	1384.27	1397.66	1144.79	1397.66	938.62
FT Ordinary	2365.3	2365.7	2372.6	2379.7	2396.8	2390.7	2414.2	2124.7	2414.2	49.4
FT Government Secs.	102.64	102.54	102.69	102.47	101.85	102.02	102.64	93.28	127.40	49.18
FT Fixed Interest	124.94	125.04	124.96	124.51	124.14	124.67	125.20	108.67	125.20	50.53
FT Gold Mines	159.7	155.1	149.3	170.0	177.2	178.3	249.2	80.0	734.7	43.5

LONDON SHARE SERVICE

BRITISH FUNDS

OTHER FIXED INTEREST

	Notes	Price £	Wk % ch'nge	Amnt £m	Interest due	Last xd	City line
African Dev 11 1/8 2010		134 3/4	0.8	88	Ja4 Jy4	1.12	-
Asian Dev 10 1/4pc 2009		128 13/16	0.5	100	Mr24 Se24	28.3	-
B'ham 11 1/2pc 2012		131	0.4	46	My15 Nv15	17.4	1637
Ireland Cap 8 1/2pc '10		111 1/2	-2.2	304	Ap1 Oc1	-	1465
9pc Cap 1995		107	-2.7	728	Ja30 Jy30	-	-
13pc '97-2		121	-2.0	318	Ap1 Oc1	28.8	1428
Hydro Quebec 15pc 2011		162 3/4	0.9	40	My31 Nv31	27.10	-
Leeds 13 1/2pc 2006		142 3/4	0.5	40	Ap1 Oc1	12.3	3146
Liverpool 3 1/2pc Irred.		40 1/4	1.9	5	1JaApJyOc	1.8	3169
LCC 3pc '20 Aft.		36	2.1	26	1MrJeSeDe	1.8	-
Manchester 11 1/2pc 2007		129 3/4	0.4	7	Ap25 Oc25	30.3	3275
Met. Wtr. 3pc 'B'		73 1/2	----	25	Mr1 Se1	1.8	3361
N'wide Anglia 3 7/8pc 2021.		138 1/2	1.0	60	Ja30 Jy30	8.1	3465
4 1/8pc IL 2024		134 1/4	0.8	50	Fe23 Ap23	28.7	-
Utd Mex States 16 1/2pc 2008		146 1/2	----	60	Mr1 Se1	27.8	-

Continued on next page

AMERICANS

	Notes	Price £	Wk% ch'nge	Div gross	Dividends paid	Last xd	City line
Abbott Labs		16¾xd	-5.4	68c	FeMyAuNv	12.7	1503
Allegheny & W	♥	506p	-18.3	30c	–	–	–
Amdahl		284p	-8.4	5c	MrFeJeAu	31.1	–
Amer Cyanamid		34¾	-6.5	$1.75	MrJeSeDe	4.8	–
Amer Express		21⅝xd	-1.6	$1.00	FeMyAuNv	6.7	1594
Amer T & T		38½xd	-8.1	$1.32	FeMyAuNv	28.9	1597
Ameritech		55⅛	-2.0	$3.68	FeMyAuNv	28.3	–
Anheuser-Busch		31⅛	-3.1	Q$1.44	MrJeSeDe	4.8	1620
BankAmerica		31½xd	1.4	$1.40	MrJeSeDe	17.8	1744
Bankers NY		52⅝xd	-1.4	$3.12	ApJyOcJa	24.12	1745
Bell Atlantic		40⅛	-4.4	$2.68	FeMyAuNv	4.7	–
BellSouth		38½	-3.1	$2.76	FeMyAuNv	5.4	–
Bethlehem Steel	♥	8⅞xd	-3.5	–	MrJeSeDe	6.2	1621
Bowater		1211pxd	-9.6	60c	OcJaApJy	9.3	1684
CPC		26¼xd	-4.3	$1.28	JaApJyOc	26.6	2283
California Engy		1138p	-2.4	–	–	–	–
Chase Manhattan		23½xd	2.9	$1.20	FeMyAuNv	27.7	2109
Chrysler		28¼xd	-.9	60c	ApJyOcJa	10.9	2135
Citicorp		22⅞xd	4.9	–	–	23.10	2141
Colgate-Palm		33xd	-3.8	$1.44	FeMyAuNv	21.7	2184
Cont'l Bank		1630p	0.6	.80c	DeMrJeSe	31.5	–
Dana		35¼xd	-3.2	$1.60	MrJeSeDe	27.8	2306
Data General		595p	-10.0	–	–	–	–
Deccora Inds	♥	119p	6.3	–	–	–	–
Dun & Brad		38¾	-3.8	$2.44	MrJeSeDe	13.2	–
Eaton		31⅛	-1.2	$1.20	FeMyAuNv	2.2	2410
Echlin		18xd	-4.0	70c	JaApJyOc	30.6	3046
FPL		25¼xd	-2.4	$2.48	MrJeSeDe	25.5	–
Ford Motor		34¼xd	–	$1.60	MrJeSeDe	28.7	2615
Gen Elect		62xd	-4.5	$2.52	JaApJyOc	3.8	2675
General Host	♥	488p	-2.3	34c	–	13.12	–
Gillette		33⅞xd	-4.1	84c	MrJeSeDe	28.7	2695
Hasbro		28¾	–	24c	FeApJyNv	1.6	–
Honeywell		22⅞xd	-1.7	88c	MrJeSeDe	24.8	2919
Houston Inds		30¼	-1.6	$3.00	MrJeSeDe	19.11	–

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

STORES - Cont.

MINES - Cont.

TELEPHONE NETWORKS

METALS & METAL FORMING

TEXTILES

PROPERTY

MISCELLANEOUS

INVESTMENT COMPANIES

OTHER FINANCIAL

TRANSPORT

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
National Express	☐	270	2.3	7.12	1.1	Nov May	–	1116
Norex	☐	179	9.1	2.9	11.8	Dec	19.10	3909
Norish ɛ		104½	0.3	Q88.4%	1.8	Oct May	19.4	1468
Ocean Grp	☐	337	4.7	14.33	–	Jan Nov	19.4	3545
Ocean Wilsons	☐	73	1.4	4.0	1.3	Jan Dec	7.6	3546
P & O Dfd	☐	611	–7.4	30.5	0.7	Jan Nov	29.3	3578
5½pc Pf		158	1.3	5½%	–	Jul	24.5	3583
6¼p Cv Pf		122	–6.5	6¼%	–	Jan Jul	24.5	3586
Powell Duffryn	☐	545	0.2	22.6	1.1	Jan Aug	21.6	3708
Sea Containers $		1241	–3.7	Q78c	–	FebMayAuNov	31.1	3968
Seacon		173xd	2.7	5.1	3.1	Oct Apr	6.9	3969
Seafield ɛ		18	10.8	–	–	–	4'90	1476
Stagecoach	☐	147	2.1	3.8	ϕ	Jan Oct	–	2065
TNT A$		53½	–11.8	–	–	–	3'91	4242
Tibbett & Britten		740	—	11.8	2.0	May Oct	19.4	4228
Tiphook	☐	288	10.3	19.3	–	Jan Oct	2.8	4236
Transport Dev.	☐	262	1.6	8.5	2.8	Nov May	15.3	4292
Vard NKr		94⅝	–2.6	–	–	–	–	–
Wah Kwong HK$		132	–1.5	Q5c	ϕ	Aug	–	–

WATER

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Anglian	☐	540	2.7	21.1	2.1	Oct Feb	19.7	5402
Bristol Water	N	948	1.4	31.8	2.3	Feb Oct	5.7	–
Chiham A		393	–1.3	11.8	2.5	Jan Aug	2.8	–
B N/V		388	–1.3	11.8	2.5	Jan Aug	2.8	–
East Surrey		*373*	*1.4*	*11.45*	*3.0*	*Jan Jul*	*7.6*	*2406*
Mid Kent	N	332	1.2	10.5	2.0	Jan Jul	7.6	4389
North West	☐	528	1.0	21.4	2.3	Aug Feb	7.6	5422
Northumbrian	☐	663	1.2	22.6	3.7	Oct Mar	21.6	5412
Severn Trent	☐	526	2.8	21.1	3.2	Oct Apr	21.6	5432
Southern	☐	578	0.7	21.3	2.5	Oct Apr	21.6	5442
South Staffs		1600	0.9	47.0	3.0	Jan Jul	7.6	–
South West	☐	*598*	*2.6*	*23.7*	*2.3*	*Sep Mar*	*7.6*	*5452*
Thames	☐	547	2.8	21.0	2.2	Sep Feb	7.8	5462
Welsh	☐	639	–.5	23.5	3.6	Oct Mar	19.7	5472
Wessex	☐	644	0.6	21.5	2.7	Oct Apr	21.6	5492
York W'works		388	—	9.25	2.3	Jul Jan	7.6	3213
Yorkshire	☐	585	3.9	21.25	2.4	Oct Mar	7.6	5482

SOUTH AFRICANS

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Anglo Am Ind		£12¼	—	Q350c	1.7	Oct Apr	22.3	–
Barlow Rand		95⅝	–5.3	Q173c	5.2	Jan Jul	21.6	1760
Gold Flds Prop		72xd	–7.7	Q55c	1.2	Sep Feb	6.9	2718
NK Props.	h	68	—	Q60.6c	1.8	Mar Nov	19.10	–
OK Bazaars		92	–6.1	Q16c	–	Dec	23.11	6223
SASOL		257	–5.2	Q78c	ϕ	Oct	23.9	3919
SA Brews.		820	–7.6	Q136c	2.2	Dec Jun	1.6	4113
Tiger Oats		525	–10.7	Q79c	2.8	Jan Jul	24.5	5232
Tongaat-Hulett		387	–2.8	Q73c	2.4	Feb Aug	4.1	5221

PLANTATIONS

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Rubbers, Palm Oil								
Anglo-East	☐	55	–1.8	1.38	2.1	Jul May	19.4	1616
Bertam	N	158	—	5.6	1.1	Jul Feb	7.6	1816
Cons Plants M$		47	—	Q15c	ϕ	Apr Nov	15.3	4661
Golden Hope M$		39	—	Q9c	1.2	May Nov	29.3	2839

MINES

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Central Rand								
Durban Deep		404	–1.9	–	–	–	12'88	2389
East Rand Prp.		186	–5.6	–	–	–	6'81	2399
Randfont'n Est		458	–6.2	Q145c	ϕ	Feb Aug	13.1	3767
West Rand		58	—	–	–	–	27.1	–
Eastern Rand								
AFMIN		1	—	Q8.5c	–	Apr	–	–
Bracken	†	34	21.4	Q50c	1.3	Jan Dec	28.10	1928
Eastern Trans		65	—	Q12c	ϕ	Jul Jan	30.12	–
ERGO		114	–2.6	Q55c	3.1	Dec Jun	20.5	2386
Grootvlei		100	8.7	Q50c	1.6	Sep Mar	27.7	2779
Kinross	†	743	–7.8	Q245c	1.8	Jan Dec	28.10	3092
Leslie	†	78	–18.5	Q20c	2.4	Jan Dec	28.10	3157
Randex		14	—	–	–	–	12'86	–
Winkelhaak	†	711	–10.0	Q70c	12.1	Jan Dec	29.4	4522
Far West Rand								
Blyvoor		91	–16.0	Q30c	3.0	Feb Aug	12.8	1857
Buffels		477	–22.6	Q315c	ϕ	Mar Sep	27.7	2000
Deelkraal		97	–15.7	Q10c	ϕ	Feb Aug	30.12	2330
Doornfontein		39	–4.9	–	–	–	6'89	2364
Driefontein		602	–6.7	Q150c	ϕ	Aug Feb	30.12	1062
Elandsrand		289	–4.2	Q60c	3.5	Mar Sep	12.8	2432
Hartebeest		365	1.9	Q95c	ϕ	Jan Jul	30.12	2841
Kloof		529	–9.6	Q110c	ϕ	Feb Aug	30.12	3104
Southvaal		1479	–9.5	Q285c	1.0	Sep Mar	12.8	4085
Stilfontein		74	–6.3	Q30c	0.9	Mar Sep	28.1	4117
Vaal Reefs		£39¾	–12.6	Q1110c	2.6	Mar Sep	15.2	4382
Western Areas		249	–8.8	Q35c	ϕ	Aug	1'87	4476
Western Deep		£16⅝	–17.2	Q310c	3.5	Mar Sep	12.8	4477
Zandpan		38	–41.5	Q16¼c	ϕ	Aug Jan	3.7	1234

MINES - Cont.

	Notes	Price	W'k% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
Glencar Expl ɛ	††	12	—	–	–	–	–	–
Greenwich Res.	☐	14	–5.1	–	–	–	–	2773
Hamlo Gold C$		*£5¾*	*–14.8*	*Q20c*	–	*Dec Jun*	*8.11*	–
Ivernia West ɛ	☐	42	—	–	–	–	–	–
Kells Mnls ɛ	††	11	–15.4	–	–	–	–	3741
Kenmare	☐	8¾	–5.4	–	–	–	–	1453
Meliaga Res.		11	22.2	–	–	–	–	–
Navan Res ɛ		98	–2.5	–	–	–	–	1683
5pc Ln Notes		92⅞	–1.6	–	–	–	–	–
Oryx Gold		72⅞	–4.8	–		–	–	3696
††Ovoca Res ɛ		8	—	–	–	–	–	1470
RTZ	☐	713	–2.6	19.5	1.7	Dec Aug	7.6	3880

MEDIA

MOTORS

OIL & GAS

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

STORES

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
● "Tap Stock"
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
ϕ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below.
★ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially UK listed; dealings permitted under Rule 535(2)
‡ Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress
§ Forecast dividend; cover based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Annualised dividend.
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend.
h Assumed dividend after scrip issue.
m Interim higher than previous total.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend excludes a special payment.
t Indicated dividend: cover relates to previous dividend.
u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings.
v Not subject to ACT.
z Dividend includes a special payment: Cover does not apply to special payment.
E Auction basis
F Dividend based on prospectus or other official estimates for 1994-95.
G Assumed dividend after pending scrip and/or rights issue.
H Dividend based on prospectus or other official estimates for 1993.
K Dividend based on prospectus or other official estimates for 1992-93
L Estimated annualised dividend, cover based on latest annual earnings.
M Dividend based on prospectus or other official estimates for 1993-94.
N Dividend based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
Q Gross.
R Forecast annualised dividend, cover based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: Gibbs Mew and Hoskins (Brewers) and EFM Small Co's Ord & Warrants (Inv. Trusts). Deletions: Cape 8.4pc Prf (Bld. Materials) and Flogas (Miscl.).

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Call 071-873 4378 (+44 71 873 4378, International) for *more information on FT Cityline.*

4 pm close September 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
14⅝	11½	AMR Corp	0.48	3.7	656	76	13⅜	13⅛	13⅛	-⅛
29⅞	13¾	A L Labs A	0.18	1.0	37	1168	19⅛	18¾	18⅞	+⅛
66⅛	54⅝	AMP Inc	1.60	2.5	23	1900	65½	65⅛	65¼	-⅜
72¾	55½	AMR			16	6239	63⅞	62¾	63½	-⅛
3⅞	1¾	ARX			12	802	3¼	3	3¼	+⅛
51½	29⅞	ASA	2.00	5.0	26	906	40¼	39⅞	40⅛	-⅜
30¾	22⅞	Abbott Lab	0.68	2.6	16	11118	26⅝	25⅞	26⅜	+⅛
12⅝	9¼	Abitibi Pr	0.50	6.4	4	4	9⅜	d9¼	9¼	
15¼	8¼	Acptocain			42	57	13¾	13⅝	13¾	+¼
36	25½	ACE Ltd	0.40	1.2		66	34	33⅞	33⅞	-¼
12	10¾	ACM Gvt In x	0.96	8.6		237	11¼	11⅛	11⅛	-⅛
10	9⅞	ACM GvOpp x	0.80	8.2		38	9¾	9⅝	9¾	+⅛
9⅞	8¼	ACM Gvt Sp x	0.80	8.3		1247	9⅝	9½	9⅝	+⅛
11⅝	10½	ACM Gvt Se	0.96	8.5		158	11¼	11⅛	11¼	+⅛
11⅝	8⅝	ACM Man x	1.08	9.4		104	11½	11⅜	11½	+⅛
9⅞	8⅝	ACM Managd x	0.72	7.8		236	u9⅞	9¾	9¾	
12⅞	7¼	Acme Clev	0.44	4.8	12	112	9¾	8¾	9¼	+½
9¼	6½	Acme Elect			49	29	7	6⅞	6⅞	-⅛
27⅞	18⅝	Acordia	0.44	1.6	16	61	27½	27½	27½	+¼
16	10⅞	Acxson			32	88	11¾	11⅝	11⅝	-⅛
21¾	19	Adams Expr	0.48	2.4	1	137	19¾	19⅝	19¾	+⅛
68¼	45½	Ad Micro	3.00	5.0		214	60	59	60	+1¼
32¾	17⅝	Ad Micro P	3.00	10.5	11	5668	28¾	27⅞	28½	+¼
7¾	5½	Advest Grp	0.16	2.2	12	100	7⅛	6⅞	7⅛	+⅛
24¾	16⅛	Advo Inc	0.08	0.5	18	63	16⅝	16½	16½	-⅛
49¾	41⅛	Aegon ADR	1.23	2.5	10	155	u49¾	48¾	49⅝	+⅞
60½	43⅞	Aetna Lf	2.76	4.6	41	1577	59¾	59⅛	59⅝	
14½	11½	AFN A	0.26	1.9	29	346	13⅞	13¾	13⅞	
34	26¾	Aflac	0.40	1.2	16	2641	32⅝	32	32⅝	+¼
22⅛	16¾	Ahmanson	0.88	4.4	8	2726	20⅜	20	20	-⅛
7¾	3⅞	Aileen Inc			5	238	4⅛	4	4⅛	
48½	24⅞	Air Pr Chm	0.92	2.2	16	2990	41¼	40⅞	41	+⅛

- B - - C - - D - - E - - F - - G - - H - - I - - J - - K - - L - - M - - N - - O - - P - Q - - R -

Continued on next page

4 pm close September 10

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22	15½	S Aelta Rt	1.36	7.8	15	26	17½	17⅜	17½	
20¾	14⅞	SCOR US Cp	0.32	2.0	196	24	15¾	15½	15⅝	
29¾	20	SPS Techno	1.20	4.7	20	8	27¾	27⅜	27⅜	+⅛
14⅞	12⅞	Sabine Rlt x	1.74	11.8	10	74	u14⅞	14½	14¾	-⅛
13¾	8⅞	Safecard	0.20	1.6	13	1630	13⅝	12	13⅛	+1⅛
23½	16⅞	Safeg'd Sc			9	45	20⅞	20½	20⅞	+⅜
24¾	14⅞	SafetyKln x	0.36	2.2	25	1526	17	16¾	16⅞	+.49
19¾	10⅞	Safeway			29	828	u19¼	18⅞	19⅛	+⅛
4¾	2	SafewayWSB				210	u4¼	4⅛	4¼	+⅛
55	37½	StJoePaper	0.20	0.4	145	88	49⅞	49¼	49½	+½
37⅞	31	StJoeL&P	1.76	4.8	14	6	37¼	36⅞	36⅞	
94	75	St Paul's	2.80	3.0	15	951	93½	90¾	92⅞	+2⅛
11⅜	7⅝	Salant Crp			4	93	8⅝	8⅛	8⅝	-½
75¼	39⅞	Sallie Mae	1.20	2.7	10	1959	45⅞	45⅛	45¼	+⅛
14¼	13	Salomon Br	0.32	2.3		1159	13⅞	13⅝	13⅞	
51⅞	34	Salomonlnc	0.64	1.3	12	3215	51½	50¾	51	+¼
27¾	23¼	SinDgo G&E	1.48	5.5	14	198	27	26¾	27	+¼
4⅞	3½	SantaFeEDs	0.40	10.3	36	30	3⅞	3¾	3⅞	+⅛
11⅞	9⅛	SantaFeERs	0.16	1.8	493	1389	9⅞	9¾	9⅞	
49¾	35¾	SantaFePac	2.88	7.4	13	95	38¼	37⅞	37⅞	-½
19	12¾	SantaFPac	0.10	0.5	12	2911	18¼	17¾	18¼	+⅜
31⅛	21	Sara Lee	0.58	2.2	18	3856	25⅞	25¼	25⅞	+¼
61⅞	40⅛	Scana Corp	2.74	5.3	15	66	51½	51⅛	51¼	+¼
25⅝	21½	Scecorp	1.42	5.6	16	3790	u25⅜	25⅛	25⅜	+¼
39⅞	23⅞	ScherarRP			23	419	28¾	28⅛	28⅝	+⅝
70⅞	51⅞	SchoringPl	1.80	3.0	15	3138	61⅜	60¼	61	+¾
68⅞	21⅞	Schl'burger	1.20	1.9	24	7829	64⅛	63	63¾	-⅝
34	16½	Schwab(C)	0.20	0.6	19	1636	32¾	32¼	32½	+¼
7¾	5⅝	Schwitzer			44	36	7½	7⅜	7½	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs

AMEX COMPOSITE PRICES

4 pm close September 10

4 pm close September 10

NASDAQ NATIONAL MARKET

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

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- W -

- X - Y - Z -

- A -

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- H -

- I -

- J -

MONDAY INTERVIEW

Designs on the detractors

Francis Duffy, president of the Royal Institute of British Architects, speaks to **Lucy Kellaway**

Architects have never had it so bad. The recession has put a third of them out of work. Clients *have become more demanding* in terms of both service and price. The construction industry has hijacked some of their traditional functions. The public, from Prince Charles down, has found good sport in ridiculing their work.

The government has now *joined the battle: not only is it* threatening to cut funding for architecture courses, it is considering tampering with the profession's very name. In February it published a proposal that would allow anyone to call himself or herself an architect, no matter how poorly *trained or inexperienced.*

The profession is in dire need of a champion. Francis Duffy, chairman of architectural firm DEGW, has taken on that role following his appointment as president of the Royal Institute of British Architects. Duffy will get a chance to fight *for his fellow* architects on Friday, when he attends a meeting in Brussels of the Architects Council of Europe to discuss the future of the profession over the next 20 years.

Initially, he might seem an unlikely champion for the profession. He has seldom built anything, and has made his name as a theorist in the obscure area of space management in office buildings. Yet *his very distance may* be an asset: Duffy is going to be judged on his ability to convince the outside world that, as he puts it, "design matters and professionalism matters".

The task is daunting. On one side is "this wretched government and this deal-saturated, unthinking, cheapo culture". On the other are "these poor, kicked-around, disappointed architects". He must find a *way of convincing the first of* the worth of the second.

Speaking in his stylishly functional King's Cross office a few days before his appointment, Duffy leaves no doubt as to his commitment to the cause. "I don't want to sound as if I'm whingeing, as I am extremely aggressive and outgoing. But I am steamed up about the ways in which we are being kicked around," he says. His delivery is soft, rapid and uniform in tone.

Being steamed up is not enough. He must demonstrate that the title of architect deserves legal protection.

"Would you applaud deregistration in medicine?" he asks. *Yet architects are not* like doctors, who need medical qualifications in order to practise. By contrast, there is no law to prevent anyone from designing buildings, yet under legislation from the 1930s only those with Riba-approved training can use the name architect.

Duffy experiments with another analogy: "Take a bottle of champagne. It gets that name not from a chemical analysis of its contents, but the process by which it is made." Likewise, he argues, the name "architect" is "an important consumer marker. It has a *built-in assumption of competence* that relates to the training and experience."

But is he right to put so much into this fight over a name? Duffy starts to get cross. "God knows I'm not doing this for fun," he says.

Surely architects could follow accountants, and *call* themselves chartered architects if they had the qualifications approved of by the Riba? Duffy pulls a face.

"I think of Blake: *I wander thro' each charter'd street/Near where the charter'd Thames does flow/And mark in every face I meet/Marks of weakness, marks of woe.* A thing is a thing. I don't want a qualifier. It's my name."

Displaying an almost touching optimism, Duffy seems confident that architects will win this battle. "There is a resonance. It's quite widespread."

In any case, he says, the argument is not just about a name. It is a symbol of the need for a debate about the future of design. Partly thanks to Prince Charles, a public debate is under way, yet according to Duffy its substance is banal. "I like this, you like that, you're a fool – it does not strike me as an elevated discussion."

Getting an intelligent debate going may not be easy. Public enemy number one is the government. A close second is what Duffy calls "the supply side", which means the construction and property companies. He argues that the prevailing supply-side mentality is to get things built as quickly as possible to ensure instant gratification for shareholders.

Ashley Ashwood

'These kicked-around, disappointed architects'

"Many on the supply side say that design is a luxury, that you need one Richard Rogers a century. That devalues design."

On his list of villains, architects *themselves do not escape* without a mention. He argues that most have got too far from their clients, and many are inclined to dwell on past glories rather than defining a new mission. He admits that the profession is "an economic failure". He diagnoses a "lack of commercial nous".

PERSONAL FILE

- **1940** Born in north of England.
- **1967-70** Harkness Fellow of the Commonwealth Fund.
- **1973** Co-founded DEGW partnership.
- **1989** DEGW *incorporated, with* Duffy as chairman.
- **1992** The Changing Workplace published.
- **1993** The Responsible Workplace published. President of the Royal Institute of British Architects.

But how have architects persisted in these uncommercial ways when other professions have been forced to come to terms with market-mad Britain? Duffy replies: "We have not recovered from the trauma of having been so *important in the 1950s and* 1960s as handmaidens of the welfare state. Until the 1970s architects working for commerce were despised. We haven't found a comparable commercial apparatus to get us into the 1980s and 1990s."

Last year Duffy chaired a Riba committee which set out to find a new strategic direction for the profession. Its conclusions were not dissimilar to those reached by many underperforming British companies over the past decade: architects must get closer to their clients, and understand better what they want. They must strengthen their hold over their central function – design – and should also branch out *into other design and* management-based services.

"If we know what our mission is, we should feel no threat," he says. Architecture is "knowledge about invention, design and understanding patterns of use".

Above all, it is about defin*ing the future. On this subject,* Duffy gets carried away. "We ought to be thinking about what Britain is doing in 700 years," he says.

In office design, the area which he has made his own, Duffy is looking further ahead than most, even if he is not quite building offices for the year 2693.

He believes that the nature of work, and the shape of *organisations are undergoing* their most important change in 100 years. Office buildings, which he says have not changed much since Frank Lloyd Wright designed the office towers in Chicago at the beginning of the century, must be rethought too.

Under the old corporate hierarchies, the space allocated to each worker was a reflection of how important they were. The *new flat organisational* structures, with their team-working and flexi-time, call for a complete redesign of office space. Duffy argues that, unless buildings change, companies may find their plans to change their organisations frustrated.

Enthused, he talks of offices at IBM, Digital and Arthur Andersen, where the basic unit of design is not the individual but the group, in which no one has his or her own space. It might be cheaper but is it really better? Don't people need to have their own desks?

He looks exasperated. "These are conventions," he says. "It's like the club, library or dining room. The space is yours, it belongs to you collectively."

Duffy then gestures around his own office. "We have no enclosed offices. We have a street. The coffee place is designed so that people will bump into each other."

On inspection, the "street" turns out to be an aisle separating two lines of architects' desks. *Challenged,* he agrees that the metaphor is a little far fetched. "We are having to invent," he says. "For once the physical concept is ahead of the words."

Street or not, he may find his own offices more congenial than the splendid Riba building in London's Portland Place. Ironically, it is just the sort of building in which he argues change is impossible – a large *open space in the middle* and a whole number of little offices scattered round the sides.

Educational dawn in California

MICHAEL PROWSE on AMERICA

California has a habit of anticipating the future. In 1978, the success of Proposition 13, an initiative demanding lower property taxes, set off a global movement towards lower tax rates. *In a state-wide* ballot on November 2, Californian voters will be asked to pass judgment on Proposition 174, an educational initiative of comparable importance.

Market-oriented reformers have long queried the public sector's near monopoly of education. *The issue is not the* need for public subsidies for elementary and secondary education (that is axiomatic) but whether governments should own schools and employ teachers. In theory, the education budget could be turned over to families in the form of "school vouchers." Parents would spend the vouchers at privately-run schools of their choice. The educational world would then reap all the natural benefits of competition – startling technical innovations, remarkable cost efficiency and a variety of teaching methods.

Proposition 174, the Parental Choice in Education Initiative, would turn this theory into practice. It says all parents *should be given tax-exempt* vouchers, redeemable at private schools for about \$2,600 (£1,730) (roughly half California's per pupil annual expenditure on education) or at existing public-sector schools, for the full \$5,200.

Several states have experimented with the kind of reforms introduced in Britain, which offer limited parental choice within the public sector. *But, barring a small* experiment in Milwaukee, none has contemplated giving parents vouchers redeemable in private schools. That California is even considering breaking this taboo is a reflection of the intense strains posed by the explosive growth of its school-age population. On some estimates, the state will need to open a new 600-pupil school every day for the next 10 years.

Californians, of course, also share national concerns about the low quality of public-sector schools, despite a 29 per cent *increase in inflation-adjusted spending* per pupil since 1983 and a decade of non-stop education "reform". Last week, the US Education Department released a report indicating that nearly half of all adults lack elementary skills in reading, writing and arithmetic.

The likely effects of Proposition 174 are hotly debated. Opponents, led by the financially powerful teachers' unions, say it would bankrupt the public-school system. Taxpayers would have to fork out \$2,600 for every student that *left for the private sector;* at the margin, however, savings would fall far short of this because of the high level of overheads (for example the *cost of buildings and redundancy* pay for obsolete teachers). Meanwhile, parents of students already educated privately would receive an unnecessary subsidy that would only inflate fees in the private sector. The gap between haves and have nots would widen.

Supporters dismiss such fears. Provided the number of students leaving the public sector substantially exceeds the 10 per cent or so already educated privately, the initiative ought to save money. This is because the proposed subsidy for each privately educated pupil is only half the current cost of education in the public sector. Since budgetary woes preclude a rapid expansion of public-sector education, financial incentives to promote new private schools are exactly the right response to current demographic pressures. The injection of real competition into a system that has failed, say enthusiasts, cannot help but improve educational standards.

Will Proposition 174 succeed? Close observers of the Californian political scene, such as Mr Bruce Cain of the Institute for Government Studies at Berkeley, are doubtful. He says Proposition 13 succeeded because people expected it to bring immediate benefits – lower taxes. The impact of Proposition 174 is far harder to gauge: nobody knows how many students might shift out *of the public* sector or what this might do to public finances; the only clear beneficiaries are parents already paying for private schools. Given the complexities, he says, voters are likely to take their lead from the public figures who line up for and against the *proposition. The danger is that* it will become too closely identified with right-wingers and religious fundamentalists – liabilities in a state that returned two liberal Democratic senators in last year's election.

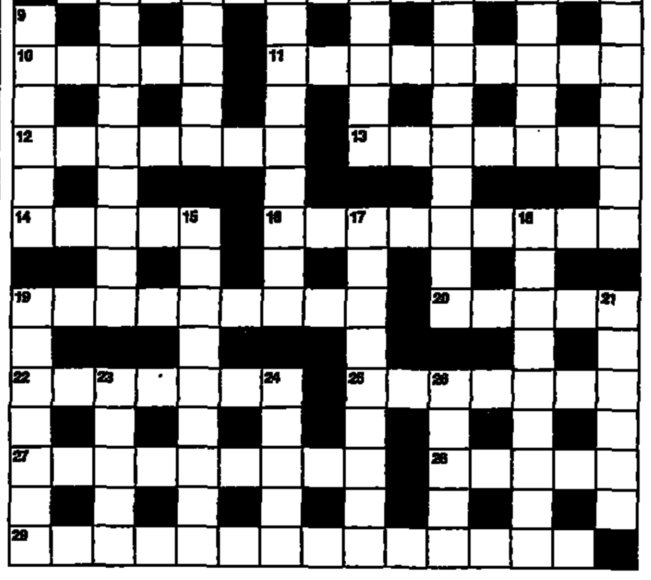
Even if Proposition 174 fails, it will force many people to think seriously about the merits of vouchers. In the affluent late 20th century why should the average family expect taxpayers to bear all the cost of education?

It is no use complaining that education is "different" because much is already provided commercially, for example through book publication and television documentaries. Nor can privatised education be rejected as *unfair:* every school system is already unjust because the best schools are invariably located in the richest areas. The issue is not fairness but whether the normal action of market forces should be permitted to improve the average quality of schools, thus benefiting even the poorest children.

With luck Proposition 174 might even embarrass Messrs Clinton and Gore. *In spite of* the hype about "reinventing government" they are reluc*tant in the face of union* opposition even to promote increased parental choice in the public sector.

CROSSWORD

No.8,252 Set by DANTE



ACROSS

1 Quite content with union benefits (7,7)
10 Wrong way to achieve a takeover (5)
11 Seasonal review (9)
12 *One bill inside* another one gets for bacteria (7)
13 Sells the dummy – touchdowns possible (5,2)
14 Widow endlessly displays keepsake (5)
16 A model of originality (9)
19 People engaged in a welcome correspondence (9)
20 Worn cuffs (5)
22 Solve a mystery and become brighter (5,2)
25 Master takes female, fifty, in marriage (7)
27 Refuse to pay a cheque? Shame! (9)
28 Confess one's escaped from Maidstone somehow (5)
29 Diana's job is a let-down (14)

DOWN

2 Like a pawnbroker? (9)
3 One in the eye for a learner (5)
4 Kill dead, accepting one pound for it (9)
5 An average sort of shirt is indicated (5)
6 They keep servants (9)
7 I'd an elevated title for legendary Welsh giant (5)
8 *Deny one is about to* become a senior member (7)
9 Some card games supplied by a stationer (6)
15 It's not alphabetical, that's obvious, of course (5,4)
17 Is able to do without a river craft (9)
18 He probably gets pleasure from his craft (9)
19 Agreed it's of small account and gave in (7)
21 Show rank subservience? (6)
23 Sees a new way, relaxes (5)
24 Snappy sort of finish (5)
26 It's true the head of the monarchy has it (6)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday September 25.

Europe's flights of fantasy

IAN DAVIDSON on EUROPE

In the 18 months since signature, the Maastricht Treaty has had such a sand-bagging from events in the real world, that it is hard to see how it can be made to work without a far-reaching re-think. Unfortunately, no-one is offering that.

The unresolved crisis in the exchange rate mechanism is, of course, the most immediate item on the European Community's emergency agenda, because it appears to threaten the objective of economic and monetary union, centre-piece of Maastricht. The crisis does not prove the arguments of those who say that the Emu objective is in any case ill-advised, unnecessary and unattainable. *But it shows that the* system was *politically* under-engineered, because the member states were unprepared to navigate through a heavy speculative upheaval. Chancellor Helmut Kohl seems unsure whether Maastricht's timetable should now be lengthened, or indeed shortened; but neither alternative is allowed for in the treaty.

But the ERM crisis is a political, not a technical problem. *Experts may disagree over* how, or indeed whether, to revise the details of the EMU programme. But the basic problem is that there is no political consensus on the objective of monetary union. When Maastricht was negotiated, the UK wanted the right to opt out; after two currency crises, British ambivalence seems to have been replaced by hostility. It is difficult to believe in the possibility of a *renegotiated* Emu programme, without political agreement on the final objective.

Political dissent over the objective of Emu is symptomatic of widespread ambivalence over the objectives of Maastricht. It showed up vividly in the Danish and French ratification debates, as well as in opin*ion polls in other countries,* but nowhere as deeply or as intensely as in Britain.

This ambivalence is starkest over Europe's foreign policy. One way or another, the member states will be compelled to resolve the EMU crisis, because non-solution will become intolerable: economic actors will not long accept instability and incompetence. But there can be no mechanical solution to the foreign pol*icy quandary; every decision is* a deliberate act of will, a reflection of fundamental political preferences. In Bosnia, France and Britain have worked closely together; but Maastricht maximises the procedural obstacles to multilateral co-operation, and in practice the policy of the *Community* towards ex-Yugoslavia has been catastrophic in its weakness and vacillation.

In a sensible world, member states would now conduct a thorough review of the treaty, as drafted, to see if it can be made to work better. So far, there seems to be a serious mis-match between what Maastricht appears to promise, and what the member states are really committed to deliver. Is this mainly the result of British hostility to the whole enterprise? Or is it also the result of ambivalence in other member states? These questions need to be confronted.

But it seems the member states find these questions too disagreeable and prefer flight into make-believe. In Lisbon, and again in Edinburgh, they agreed to early membership negotiations with the four applicants from Efta; in Copenhagen this June they brought forward prospects of member*ship for east European* countries, and others.

According to one interpretation* the Community is now committed to an enlargement to 20 or 30 members within the next decade or so. Now there may be a politico-moral case, for the Community eventually to take in liberated eastern Europe. But does it make practical sense, on the basis of a treaty of European union which is not workable as writ*ten, and which does not appear* to reflect a genuine political bargain by the member states? It is hard to imagine a recipe for greater political lunacy.

The Community cannot expand from 12 to 25 states without completely changing in character. There are four possibilities: accelerated federalism, with a vast increase in central powers; a multi-speed Europe, with overlapping membership circles; a comprehensive renegotiation of all existing Community policies; or the disintegration of all common policy-making powers. None of these options is discussed; instead, it is assumed that the Community will be the same but much bigger; which is nonsense.

First, the Common Agricultural Policy could not be applied in eastern Europe, as it would mean a dizzying explosion both in the Community budget and in farm output.

Second, GNP per head in eastern Europe is one-tenth of that in western Europe. A Community with such disparities must mean a Europe which was brutally laissez-faire or one which was both federal and heavily centralised.

Existing Community policy should mean a vast expansion *in the regional and other* structural funds. But the conventional wisdom is that the Europe of nation states could not tolerate even a moderate amount of central budgeting and central authority. The conventional wisdom needs to find an answer to the fact that, even if the east grew by *as* much as 5 percentage points a year faster than the west, it would still take 48 years to catch up.

There are no simple solutions to any of these problems. The only solutions we know will not work, are those which pretend that Maastricht is fine as it stands. If the Community expands to 25 states, it will need considerable political surgery, and perhaps a political civil war. But governments prefer fantasy.

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